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United States
Department of
Agriculture

Office of
Inspector
General

Office of Inspector General FY 1997 Annual Plan

October 1, 1996 – September 30, 1997



OFFICE OF INSPECTOR GENERAL

FY 1997 ANNUAL PLAN

October 1, 1996 - September 30, 1997

FOREWORD

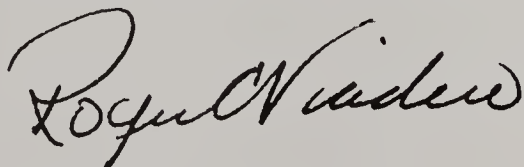
This is the Office of Inspector General's (OIG) Annual Plan for fiscal year (FY) 1997. This plan describes our strategies for conducting audits, investigations, and evaluations to provide our Department's managers with information they can use to improve the programs and activities they administer.

We work with a diverse universe in USDA. Our work is conducted in over 30 agencies and entities in the Department which administer more than 300 programs involving thousands of sponsors, contractors, and grantees. Our strategic planning process enables us to identify and focus on those programs most vulnerable to fraud and waste, or those where the largest dollar losses are most likely to occur. This process also helps us make the best use of our audit and investigative resources.

We encouraged agency management to continue to provide input into our planning process, and we incorporated many of their suggestions into our FY 1997 audit plan. The suggestions generated through our meetings with agency management will be carried on into individual audit assignments to better reflect their concerns in the objectives, scope, and approach of our work. While we maintain our independence, we work in partnership with USDA agencies to promote integrity by detecting and preventing fraud, waste, and abuse. We provide an important service to agency managers by finding solutions to current problems, identifying vulnerabilities, and recommending actions to avoid future problems.

A major focus this year in developing our annual plan is the impact of the Federal Agricultural Improvement and Reform (FAIR) Act of 1996, which resulted in the restructuring and elimination of many agricultural programs and policies. We will also continue to monitor the expansion of the Electronic Benefits Transfer systems for entitlement programs. In addition our resources will focus on the Department's financial accounting systems, food and consumer protection issues, and threats to the health and safety of the public. Our strategic plans for FY 1997 are described further in the pages of this plan.

We also set aside time to deal with those unexpected, critical issues that inevitably arise during the course of a year. For example, although we have been able to plan for the effects of the recently approved FAIR Act, the impact of some of the changes that occur as a result of the law remains unforeseen. We believe that the flexibility we built into our plan helps us conduct our mission effectively, and ensures that we can respond to high-priority issues as they arise. We welcome suggestions for areas to which OIG might give attention in future audit and investigative activities.



ROGER C. VIADERO
Inspector General

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ACRONYMS

AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ARS	Agricultural Research Service
CCC	Commodity Credit Corporation
CSREES	Cooperative State Research, Education, and Extension Service
FAIR Act	Federal Agricultural Improvement and Reform Act of 1996
FAS	Foreign Agricultural Service
FCIC	Federal Crop Insurance Corporation
FCS	Food and Consumer Service
FS	Forest Service
FSA	Farm Service Agency
FSIS	Food Safety and Inspection Service
FY	Fiscal Year
GIPSA	Grain Inspection, Packers and Stockyards Administration
NRCS	Natural Resources Conservation Service
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
PCIE	President's Council on Integrity and Efficiency
RBS	Rural Business-Cooperative Service
RHS	Rural Housing Service
RMA	Risk Management Agency
RUS	Rural Utilities Service
U.S.	United States
USDA	U.S. Department of Agriculture

THE OIG MISSION

The Office of Inspector General was legislatively established in 1978 with the enactment of the Inspector General Act (Public Law 95-452). The act requires the Inspector General to independently and objectively

- perform audits and investigations of the Department's programs and operations,
- work with the Department's management team in activities that promote economy, efficiency, and effectiveness or that prevent and detect fraud and abuse in programs and operations, both within USDA and in non-Federal entities that receive USDA assistance, and
- report OIG activities to the Secretary and the U.S. Congress semiannually as of March 31 and September 30 each year.

We accomplish this mission by

- investigating allegations of fraud and abuse,
- using preventive audit approaches, such as reviews of systems under development,
- conducting audits of the adequacy and vulnerability of management and program control systems, and
- auditing the adequacy of large USDA payments, such as insurance and deficiency payments, major loans, and retailer food stamp redemptions.

OIG is headquartered in Washington, D.C., and has regional offices located in Atlanta, Georgia; Chicago, Illinois; Kansas City, Missouri; New York, New York; Riverdale, Maryland; San Francisco, California; and Temple, Texas. In addition, the Financial and ADP Operations staff is located in Kansas City, Missouri.

We emphasize service to management at all levels of the Department by briefing senior Department officials on major audits and investigations. We also work proactively with agency managers, as part of a united team, by directly encouraging management input into the audit and investigative process to help solve difficult problems impacting program management and operations. As a member of the President's Council on Integrity and Efficiency (PCIE), we participate with other Inspectors General in multiagency projects where the issues are crosscutting and need to be addressed governmentwide.

AUDIT AND INVESTIGATIVE UNIVERSE

The audit and investigative universe comprises all programs, functions, and organizations, and the contractors and grantees for which USDA is responsible. USDA's FY 1997 proposed budget contains a broad agenda of budget programs to support the Department's agencies and program operations. The annual program level, over \$84 billion, represents the value of benefits provided to the public by USDA. These benefits may be in the form of financial assistance through grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance, or in-kind benefits such as commodities.

USDA programs are delivered in every State, county, and city in the Nation by over 104,000 Federal and thousands of non-Federal government employees. In addition, the Secretary of Agriculture has appointed agricultural ministers, attaches, and officers to 80 U.S. embassies, consulates, and trade offices covering over 100 countries. USDA is involved in extensive food quality and safety issues, food aid and assistance programs, market development activities, rural development initiatives, environmental and biotechnology issues, and a wide range of export promotion programs.

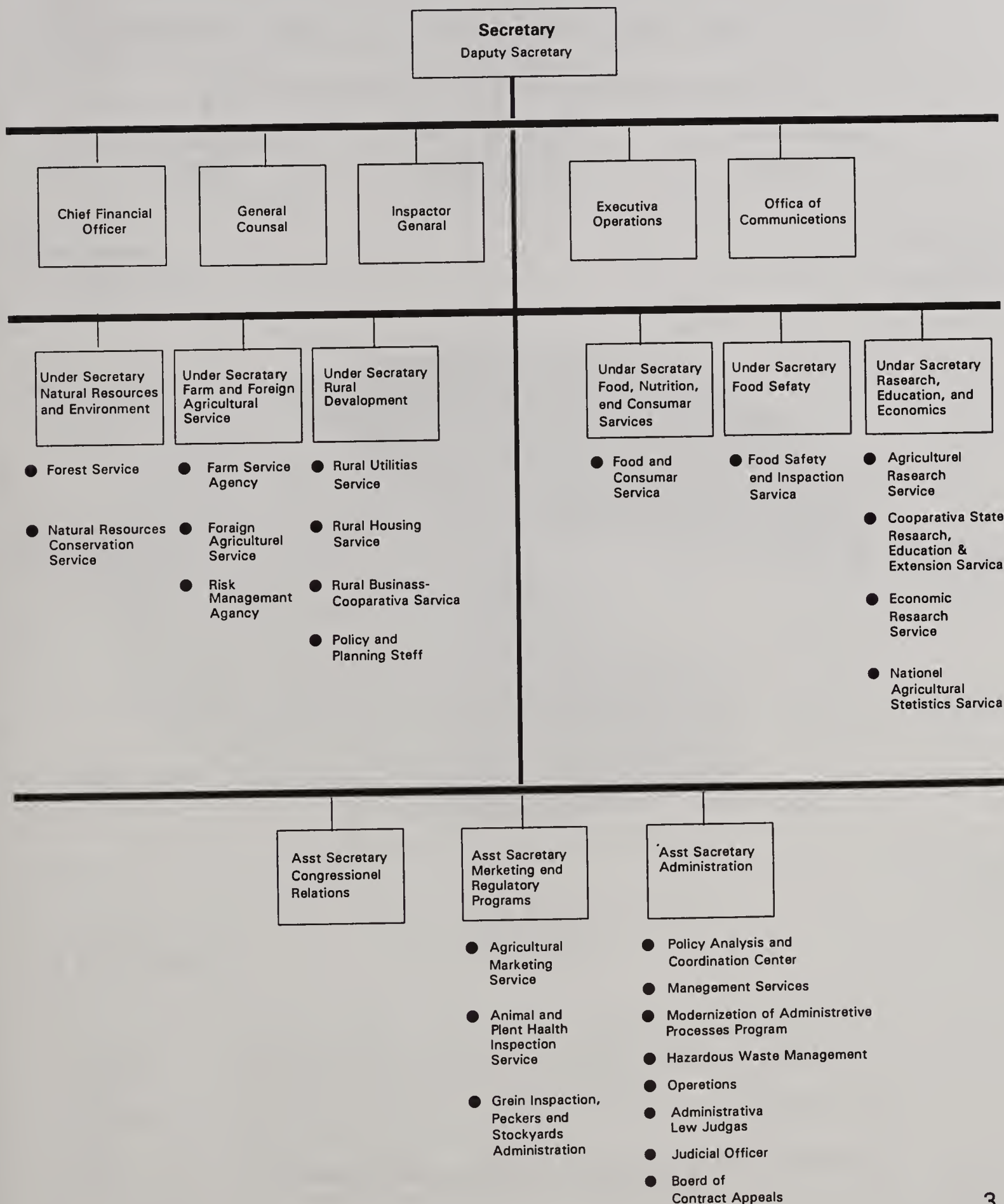
STRATEGIC PLANNING

Our strategic approach to planning and prioritizing audit and investigative activities enables us to focus our resources on those programs most vulnerable to fraud and abuse, or those where the largest dollar losses are most likely to occur. In each strategic area, we establish goals and plans for both short- and long-term emphasis. We work closely with agency management to identify those areas where we could provide assistance in resolving difficult issues.

Descriptions of our strategies and examples of planned audit and investigative work within the strategies are described in more detail in appendix I. A description of major audits and a complete list of all audits planned can be found in appendices II and III.

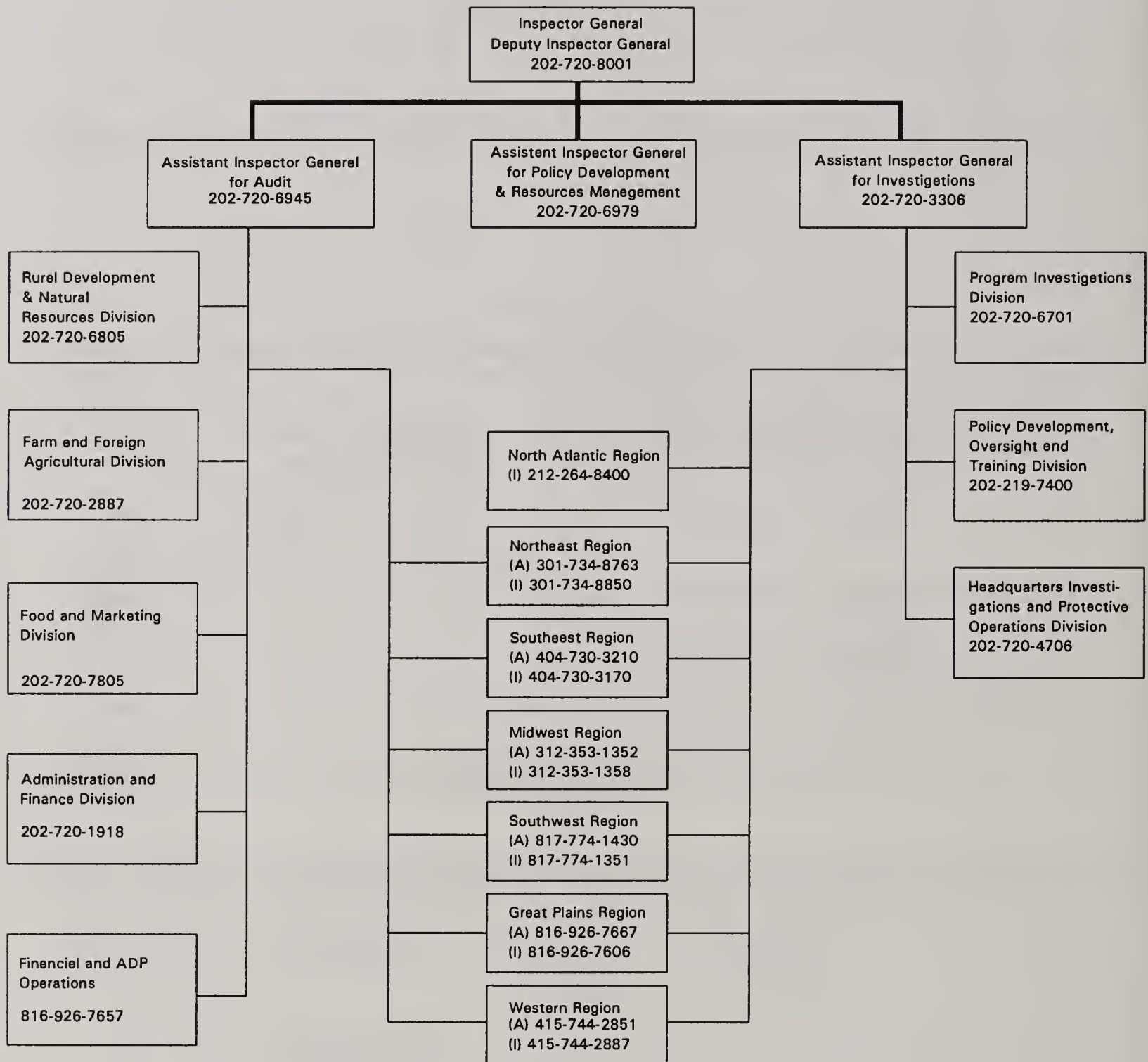
USDA ORGANIZATIONAL CHART

As of August 1996



OIG ORGANIZATIONAL CHART

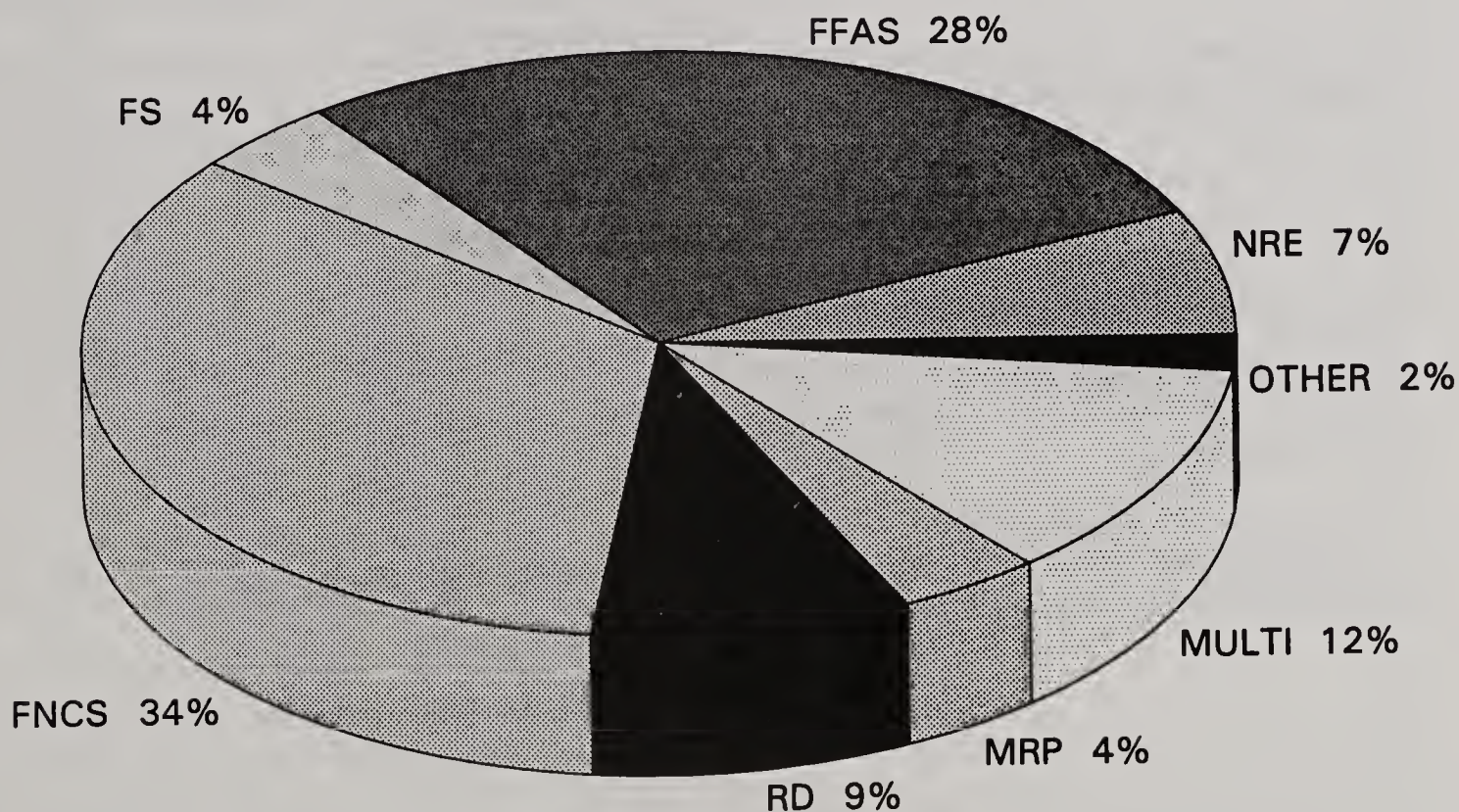
As of August 1996



OIG's mission is to conduct audits, investigations, and evaluations of USDA programs and operations to affect positive changes.

FY 1997 ANNUAL PLAN

DISTRIBUTION OF OIG RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

NRE	--	Under Secretary, Natural Resources and Environment
FFAS	--	Under Secretary, Farm and Foreign Agricultural Services
RD	--	Under Secretary, Rural Development
FNCS	--	Under Secretary, Food, Nutrition, and Consumer Services
FS	--	Under Secretary, Food Safety
MRP	--	Assistant Secretary, Marketing and Regulatory Programs

**DISTRIBUTION OF OFFICE OF INSPECTOR GENERAL RESOURCES
BY AGENCY
FY 1997 PLANNED**

NATURAL RESOURCES AND ENVIRONMENT	Forest Service	6 %
	Natural Resources Conservation Service	1 %
FARM AND FOREIGN AGRICULTURAL SERVICES	Farm Service Agency	22 %
	Foreign Agricultural Service	1 %
	Risk Management Agency	5 %
RURAL DEVELOPMENT	Rural Utilities Service	1 %
	Rural Housing Service	7 %
	Rural Business-Cooperative Service	1 %
FOOD, NUTRITION, AND CONSUMER SERVICES	Food and Consumer Service	34 %
FOOD SAFETY	Food Safety and Inspection Service	4 %
MARKETING AND REGULATORY PROGRAMS	Agricultural Marketing Service	2 %
	Animal and Plant Health Inspection Service	2 %
	Grain Inspection, Packers and Stockyards Administration	*
MULTIPLE AGENCY		12 %
OTHER	Administration; OCFO; Research, Education & Economics	2 %
*Less than 1 %		

INVESTIGATIONS

Investigations are authorized inquiries to gather the facts needed to resolve an allegation that someone has violated a law or regulation pertaining to USDA programs or operations.

OIG Special Agents are criminal investigators who specialize in the investigation of crimes involving USDA programs. Each investigator receives initial training at the Federal Law Enforcement Training Center in Glynco, Georgia. Additional training in law enforcement procedures, investigative techniques, and USDA program regulations is provided throughout the career of the investigator.

INVESTIGATIVE PLANNING

The investigative planning process focuses on identifying program vulnerabilities and investigative priorities, then establishes general guidelines for the allocation of our investigative resources. It includes an analysis of historical patterns, trends, and results; a review of recent legislative, regulatory, and program changes; consideration of U.S. Department of Justice prosecutive guidelines; consideration of budgetary and staffing restrictions; and coordination with audit activities. Through the investigative planning process, we have identified priorities that include the timely investigation of

- threats to the health and safety of the public,
- issues involving allegations of bribery, conflict of interest, embezzlement, theft, or collusion with program participants, and
- fraud in the loan, regulatory, and benefit programs.

In preparing our plan for FY 1997, we analyzed data on requests for investigation received in previous years, the number of cases opened, and the results of those investigations. We reviewed recent legislative, regulatory, and program changes, and contacted each agency within USDA for suggestions and recommendations. We also reviewed audit plans for FY 1997 and considered our budget and anticipated staffing. Based on these considerations, we developed general guidelines for emphasizing areas for investigation.

These guidelines will be reviewed during FY 1997 by our regional managers before they decide which referrals to take on as active cases. They will also consider the potential program impact, the likelihood of criminal prosecution, the likelihood of large civil monetary recovery, and the deterrent value.

The majority of the investigations are based on referrals from USDA agencies. Departmental Regulation 1700-2, "OIG Organization and Procedures," requires that USDA agencies expeditiously report known or suspected violations of law or regulations to OIG. Activities which must be reported to OIG include

- alleged violations of Federal criminal statutes,
- allegations of criminal conduct or serious misconduct involving any USDA employee.

THE INVESTIGATIVE PROCESS

The investigative process usually begins with the receipt of an allegation of fraud or abuse. Investigations are opened in OIG regional offices in accordance with priorities and general guidelines established at the headquarters level.

After an investigation is opened, it is assigned to a Special Agent who plans the investigation. This planning process includes a review of the criminal and civil statutes, program regulations, and departmental or agency policies that may be involved. The Special Agent then conducts the investigation, which may require interviewing witnesses, reviewing and analyzing records, obtaining physical evidence, and conducting surveillance and undercover operations. If the Special Agent determines that a crime may have been committed, he or she will discuss the investigation with a Federal and/or local prosecutor to determine if prosecution will be pursued. Upon completion of the investigation, the Special Agent prepares an investigative report summarizing the facts disclosed during the investigation.

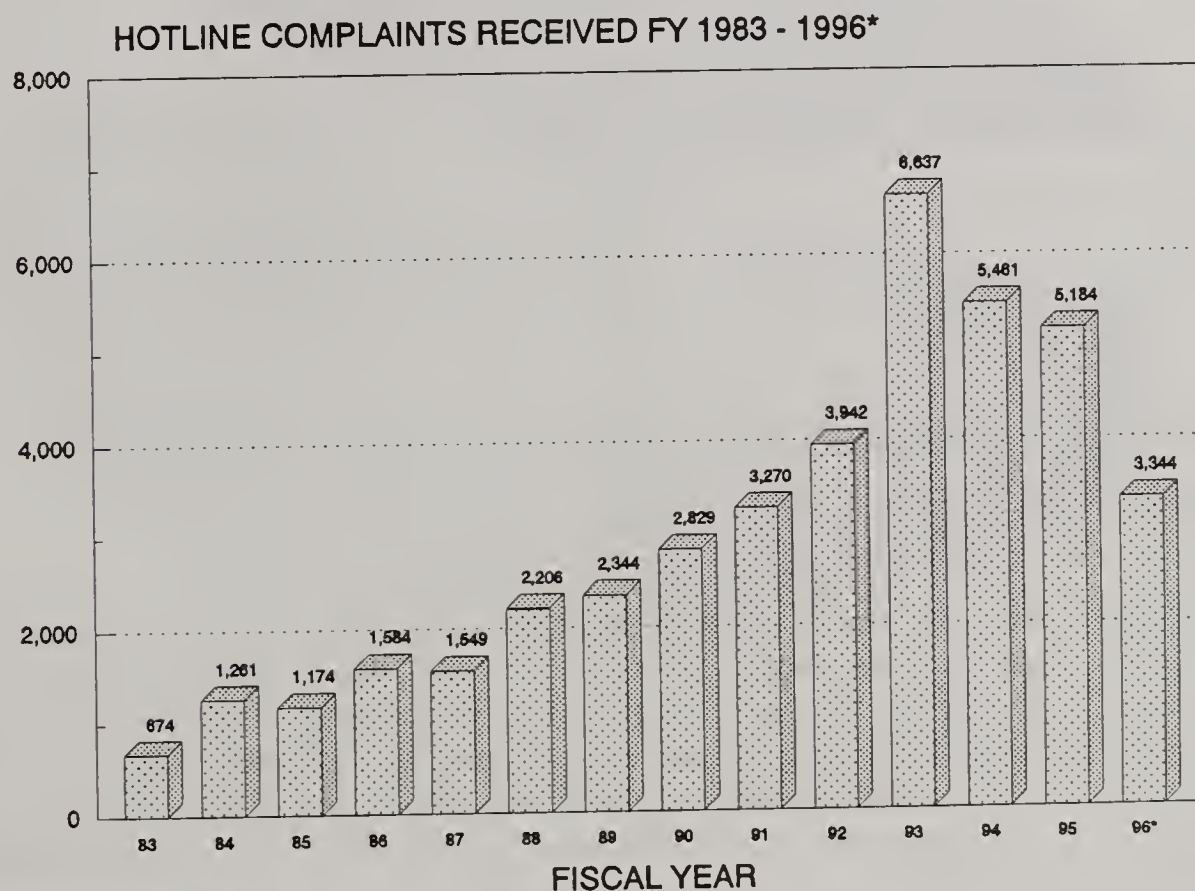
The investigative report is distributed to prosecuting attorneys and agency officials who may have an official interest in the results of the investigation. If the prosecuting attorney decides to proceed with a criminal or civil prosecution, the Special Agent assists the attorney in any preparation for court proceedings that may be required. This assistance may include serving subpoenas, locating witnesses, executing arrest and search warrants, and testifying before a grand jury or at a trial.

At the conclusion of any court actions, we advise the administrative agency involved of the court results and monitor any corrective or disciplinary action that may be taken by the agency. OIG collects data summarizing the court and administrative results of its investigations and includes this data in its semiannual report to the U.S. Congress.

HOTLINE

Established under the provisions of the Inspector General Act of 1978, the OIG Hotline is operated in accordance with procedures recommended by the PCIE. Allegations received through the Hotline may involve any agency, program, or employee of USDA. The U.S. Congress, the Executive Branch, and the public have come to expect and demand adequate Hotline systems to resolve complaints timely and appropriately. Significant audit findings and investigative results have been obtained based on information received through this critical function.

During FY 1995, the OIG Hotline received, reviewed, and processed 5,184 complaints from USDA employees and the general public, compared to 674 complaints in FY 1983. In the first 9 months of FY 1996, 3,344 complaints were received. The following graph depicts the Hotline activity over the last 14 years.



* FY 1996 - First 9 months.

The consistently large number of complaints necessitates a continued emphasis by the Hotline staff in reviewing and analyzing responses to Hotline complaints by USDA agencies before determining the need for further investigative or audit work. The operation of the Hotline presently requires seven full-time employees with additional support from six other employees.

The OIG Hotline has a toll-free telephone number which anyone may call to report fraud, mismanagement, or waste in a USDA program or misconduct by a USDA employee. Callers may choose to remain anonymous or may request that OIG keep their identity confidential.

We have three Hotline numbers established for use by the public and departmental employees. These numbers can be called 24 hours a day. Complaint Analysts are on duty 8:00 a.m. to 4:30 p.m., Eastern Time, Monday through Friday. During non-duty hours, messages can be left on a recorder and are retrieved the following business day.



800-424-9121

This is a toll-free number to be used outside Washington, D.C.



202-690-1622

This number is to be used in the Washington, D.C. metropolitan area.



202-690-1202

This number connects to a telecommunications device for the hearing impaired.
(NO TOLL FREE NUMBER, CALL COLLECT)

SPECIAL REPORTING OF BRIBES OR GRATUITIES

Many USDA employees serve as inspectors and graders of meat, poultry, dairy, eggs, and produce and also meet and deal with the public as loanmakers. These employees are occasionally subject to offers of bribes and gratuities to influence their official duties. USDA employees who receive such offers may contact OIG by calling the direct line indicated below. Special Agents respond 24 hours a day. Complainants may also write to the Office of Inspector General at P.O. Box 23399, Washington, D.C. 20026.

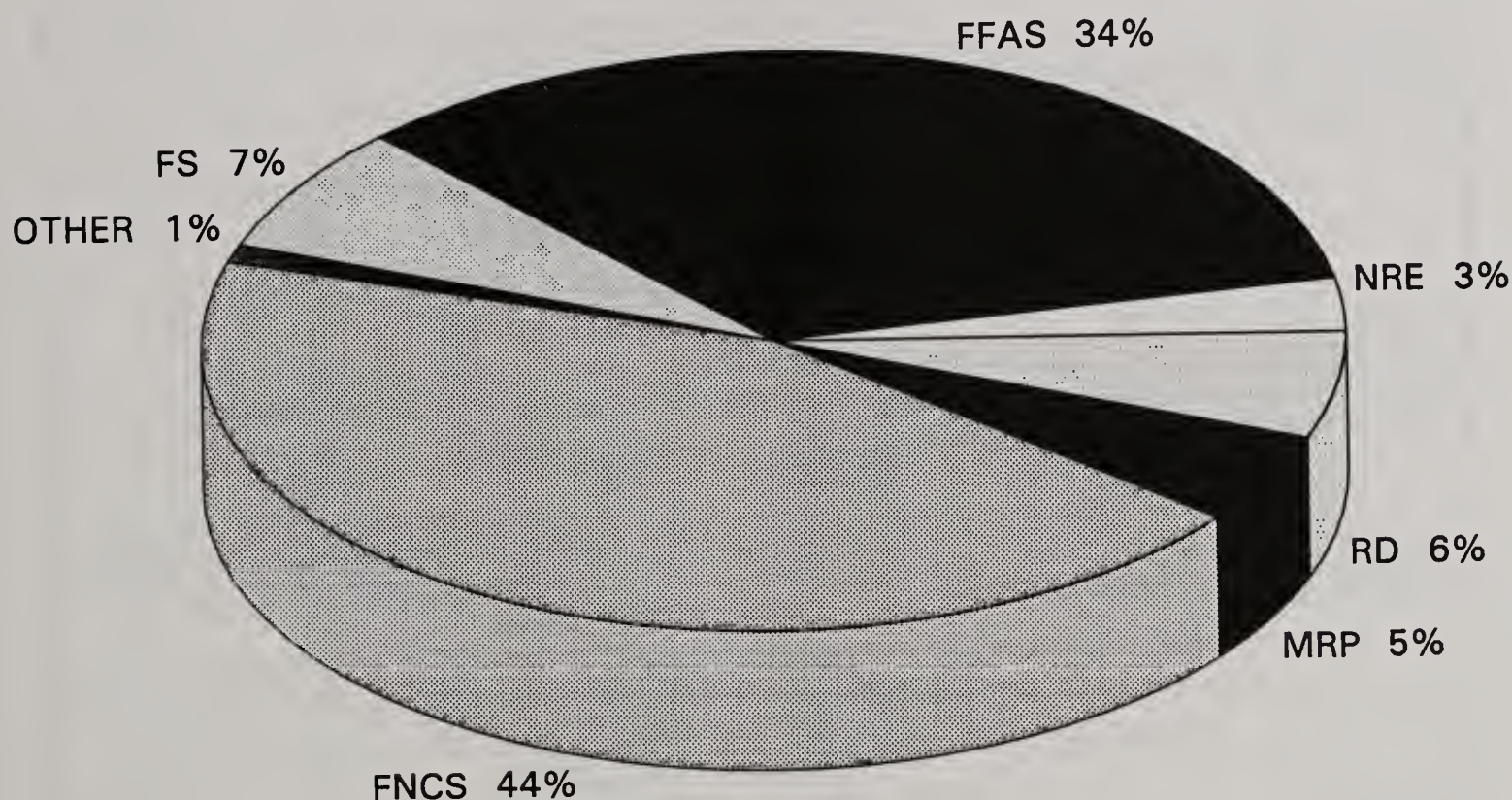


202-720-7257

This number is to be used by USDA employees to report offers of bribes or gratuities.

FY 1997 ANNUAL PLAN

DISTRIBUTION OF INVESTIGATIVE RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

NRE	--	Under Secretary, Natural Resources and Environment
FFAS	--	Under Secretary, Farm and Foreign Agricultural Services
RD	--	Under Secretary, Rural Development
FNCS	--	Under Secretary, Food, Nutrition, and Consumer Services
FS	--	Under Secretary, Food Safety
MRP	--	Assistant Secretary, Marketing and Regulatory Programs

**DISTRIBUTION OF INVESTIGATIVE RESOURCES
BY AGENCY
FY 1997 PLANNED**

NATURAL RESOURCES AND ENVIRONMENT	Forest Service	2 %
	Natural Resources Conservation Service	1 %
FARM AND FOREIGN AGRICULTURAL SERVICES	Farm Service Agency	28 %
	Foreign Agricultural Service	1 %
	Risk Management Agency	5 %
RURAL DEVELOPMENT	Rural Utilities Service	*
	Rural Housing Service	5 %
	Rural Business-Cooperative Service	1 %
FOOD, NUTRITION, AND CONSUMER SERVICES	Food and Consumer Service	44 %
FOOD SAFETY	Food Safety and Inspection Service	7 %
MARKETING AND REGULATORY PROGRAMS	Agricultural Marketing Service	2 %
	Animal and Plant Health Inspection Service	3 %
	Grain Inspection, Packers and Stockyards Administration	*
OTHER	Administration; OCFO; Research, Education & Economics	1 %

*Less than 1 %

AUDIT

Audit is the examination and verification of the economy and efficiency of an agency's operations, its effectiveness in achieving program results, its compliance with applicable laws and regulations, and its fairness in reporting its financial operations. We also perform evaluations. An evaluation is a review, study, or analysis of USDA's programs or activities for the purpose of providing information to managers for decision making; for making recommendations for improvements to programs, policies, or procedures; and for administrative action. In addition to audits performed by OIG staff, we contract with certified public accountants for some audits and oversee the quality of the work of auditors under contract to other agencies of the Department.

OIG auditors conduct their work in accordance with the "Government Auditing Standards: 1994 Revision" (Yellow Book), published by the U.S. General Accounting Office, and in accordance with the professional standards set by the American Institute of Certified Public Accountants. We have established and implemented a program to ensure that our staff maintains professional proficiency through continuing education and training. Training directly related to the Government auditing environment is provided to newly hired, intermediate, and advanced level OIG auditors through in-house audit academies.

"Government Auditing Standards" describes the types of audits that Government and nongovernment organizations conduct and the audit standards to be followed. Government audits are classified as financial or performance audits.

FINANCIAL AUDITS

Financial statement audits provide reasonable assurance about whether the financial statements of an audited entity present fairly the financial position, results of operations, and cash-flows in accordance with generally accepted accounting principles.

Financial related audits determine whether financial reports and related items, such as elements, accounts, or funds are fairly presented; whether financial information is presented in accordance with established or stated criteria; whether the entity has adhered to specific financial compliance requirements; and whether the entity's internal control structure over financial reporting and/or safeguarding assets is suitably designed and implemented to achieve the control objectives.

PERFORMANCE AUDITS

Economy and efficiency audits determine whether the entity is acquiring, protecting, and using its resources economically and efficiently; what the causes of any inefficiencies or uneconomical practices are; and whether the entity has complied with laws and regulations concerning matters of economy and efficiency.

Program audits determine whether the desired results or benefits established by the legislature or any other authorizing body are being achieved; whether the organizations, programs, activities, or functions are effective; and whether the entity has complied with laws and regulations applicable to the program.

AUDIT PLANNING

Each year, we begin the planning process by updating our profiles of USDA programs and activities and by requesting audit suggestions from the Under and Assistant Secretaries, agency heads, and OIG staff. In prioritizing the suggestions for inclusion in the FY 1997 Annual Plan, we considered

- current and potential dollar magnitude,
- audit requirements established by law,
- statutory and regulatory requirements,
- adequacy of internal control systems,
- newness, changed conditions, or sensitivity of the organization, program activity, or function,
- extent of Federal participation in terms of resources or regulatory authority,
- management needs to be met,
- prior audit history,
- prior investigation history, and
- timeliness, reliability, scope, and results of audits or evaluations performed by others.

THE AUDIT PROCESS

The phases of the audit process include the following

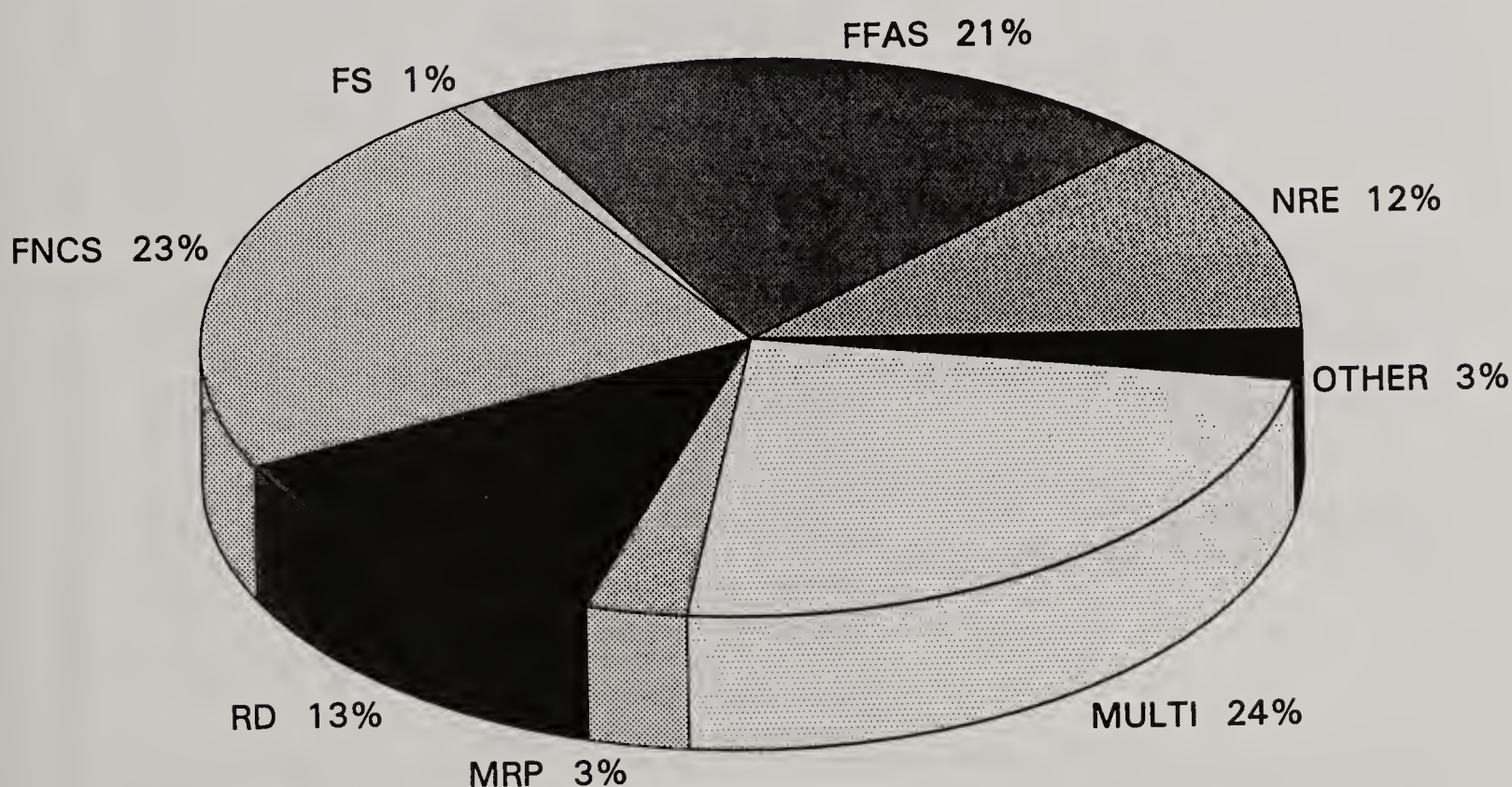
Audit Approach	Development of an audit approach includes determining the reasons for selecting the audit subject, overall audit objectives and scope, locations to be audited, OIG staff who will perform the audit, staff-days needed, other resources required (e.g., specialists with timber or banking expertise) to perform the audit, and benefits anticipated from the audit.
Audit Notification	Audit notification to the appropriate USDA agency or office informs auditees of our intent to begin an audit.
Entrance Conference	OIG staff hold entrance conferences with agency officials to discuss and obtain input on the purpose and objectives of the audit, its scope, and the general methodology and procedures to be followed.
Survey Work	Auditors perform survey work to gather information and identify problems.
Field Audit Work	Detailed audit testing and interviewing are undertaken if the survey indicates the need to learn more about conditions noted.
Discussion Draft Report and Exit Conference	At the conclusion of an audit, OIG holds a formal exit conference with the agency's principal officials to review the audit results presented in a discussion draft report. This gives management an opportunity to confirm information, to ask questions, and to provide any necessary clarifying data.
Official Draft Report	After the exit conference, OIG makes necessary changes to the draft report and presents it as an official draft report to the agency for final written comments. The agency is generally given 30 days to respond to the official draft report.
Final Report	OIG prepares and issues a final report which contains the agency's written response.

**Management
Decision and
Final Action**

A management decision (agreement to take action on an audit recommendation) must be reached on all report recommendations within 6 months of issuance of the report. OIG tracks management's actions through the management decision; the Office of the Chief Financial Officer tracks actions from the management decision to completion of final action. The status of management decisions is included in OIG's semiannual report to the U.S. Congress. The status of final actions, including those not completed within 1 year of the management decision, is reported in the Secretary's semiannual report to the U.S. Congress.

FY 1997 ANNUAL PLAN

DISTRIBUTION OF AUDIT RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

NRE	--	Under Secretary, Natural Resources and Environment
FFAS	--	Under Secretary, Farm and Foreign Agricultural Services
RD	--	Under Secretary, Rural Development
FNCS	--	Under Secretary, Food, Nutrition, and Consumer Services
FS	--	Under Secretary, Food Safety
MRP	--	Assistant Secretary, Marketing and Regulatory Programs

**DISTRIBUTION OF AUDIT RESOURCES
BY AGENCY
FY 1997 PLANNED**

NATURAL RESOURCES AND ENVIRONMENT	Forest Service	10%
	Natural Resources Conservation Service	2%
FARM AND FOREIGN AGRICULTURAL SERVICES	Farm Service Agency	15%
	Foreign Agricultural Service	2%
	Risk Management Agency	4%
RURAL DEVELOPMENT	Rural Utilities Service	2%
	Rural Housing Service	10%
	Rural Business-Cooperative Service	1%
FOOD, NUTRITION, AND CONSUMER SERVICES	Food and Consumer Service	23%
FOOD SAFETY	Food Safety and Inspection Service	1%
MARKETING AND REGULATORY PROGRAMS	Agricultural Marketing Service	2%
	Animal and Plant Health Inspection Service	1%
	Grain Inspection, Packers and Stockyards Administration	*
MULTIPLE AGENCY		24%
OTHER	Administration; OCFO; Research, Education & Economics	3%
*Less than 1%		

APPENDIX I
OIG STRATEGIES

OIG STRATEGIES

The FY 1997 Strategies are:

- FARM PROGRAMS
- MARKET DEVELOPMENT
- ENTITLEMENT PROGRAMS
- FOREST SERVICE
- RESEARCH AND TECHNOLOGY TRANSFER
- INTEGRITY OF USDA PERSONNEL
- PROCUREMENT
- CONSUMER PROTECTION
- RISK MANAGEMENT
- ACCOUNTING AND FINANCIAL MANAGEMENT
- INFORMATION RESOURCES MANAGEMENT SYSTEMS
- RURAL DEVELOPMENT
- MANAGEMENT/CONTROL OF ENVIRONMENTAL HAZARDS
- PROGRAM COMPLIANCE, ECONOMY, AND EFFICIENCY

Descriptions of the strategies, with examples of audit and investigative work recently performed and planned for FY 1997, are presented on the following pages.

FARM PROGRAMS

The Farm Programs strategy encompasses a variety of farm commodity and conservation programs administered by the Farm Service Agency (FSA). The programs are funded primarily through the Commodity Credit Corporation (CCC), a Government entity for which FSA provides operating personnel. The principal activities of FSA/CCC included in this strategy are the administration and management of price support, Agricultural Marketing Transition Act contracts, farm credit, conservation, and warehouse examination programs, estimated at about \$21 billion for FY 1997.

AUDIT

Our strategy is designed to ensure overall program integrity, prevent and detect program losses, provide a visible audit presence, ensure program objectives are being accomplished, and assist program managers to find solutions for known or potential program weaknesses. Emphasis on farm programs is needed because of the departmental reorganization, the 1996 FAIR Act, the significance of prior audit findings, the expansion and revision of major program areas, and the magnitude of funding legislated by the 1990 Farm Bill.

Our FY 1996 audits continued to find problems with the FSA payment limitation rules and abuse of the rules by producers. In addition, our work on the ad hoc disaster assistance programs, as well as the replacement Noninsurance Assistance Program (NAP), has continued to show major problems in controls which have resulted in substantial losses. We have referred a large number of cases for criminal investigation, and criminal indictments are being announced. OIG audits have identified the need for improved internal control processes within FSA, and problems with producers submitting false or misleading information for program payment purposes.

Among the major audits of FSA planned for FY 1997 are audits of the reorganizations for payment limitations, 1996 FAIR Act provisions affecting farm program direct loans, and National Appeals Division procedures. In addition, we will be completing our work on the implementation of the Agricultural Market Transition Act contracts and on the Noninsurance Assistance Program.

INVESTIGATIONS

The major emphasis of our Farm Programs investigative strategy has been to investigate allegations of fraud. Our regional offices have always maintained a close working relationship with FSA State offices to ensure timely referral of investigative matters and to develop an understanding of FSA's priorities, resources, and needs. Headquarters informs the regional offices of significant program changes, develops national guidelines for referral of investigative matters, and alerts top agency managers to any program provisions that allow a potential for abuse.

Our decision to initiate an investigation is based on several factors, including the likelihood of criminal prosecution or large civil monetary recovery. We determine this in consultation with the appropriate U.S. attorney's office and representatives of the Office of the General Counsel. Another factor which influences the decision to open a case is the deterrent value of the Government bringing court actions against a producer.

Those matters not investigated by OIG are referred back to FSA for appropriate administrative action. The agency also has the option of resubmitting a request for an investigation based on additional or updated information.

Historically our major concerns in FSA programs have been the unauthorized disposition of property mortgaged to the Government, fraud by warehouse operators, false statements by commodities producers, and false statements by borrowers in order to obtain more or greater dollar value loans or debt write-downs than those to which they are actually entitled. Additionally, although the FSA disaster program was eliminated under the FAIR Act of 1996, we anticipate continued referrals concerning disaster program fraud which occurred prior to the program being discontinued. In conjunction with this, we also anticipate investigative issues to emerge with respect to NAP.

Approximately 28 percent of our investigative resources will be spent on FSA programs.

MARKET DEVELOPMENT

This strategy covers the Department's broad mission of selling agricultural commodities. Legislative goals require that there be full agricultural production at competitive prices, full assurance of quality, reliability of supply, profitable returns to the producer, and an orderly marketing process. The market development strategy involves both domestic and foreign programs.

In October 1995, the Secretary set a goal of achieving a 50-percent increase in agricultural exports by the year 2000. Achieving the increase will boost the annual farm income by 13 percent, create an estimated 378,000 new jobs off the farm, and result in a \$50 billion increase in U.S. economic activity.

To implement the USDA Long-Term Agricultural Trade Strategy, USDA has designed program delivery that involve subsidies, credit guarantees, long-term loans, publishing magazines and reports, advertising, trade negotiations, setting quality standards, regulating markets, grants and cooperative agreements, trade fairs, and international conferences. Agricultural trade offices are making potential foreign customers aware of our farm products. To carry out the diverse programs, USDA works with State and foreign governments, producer groups, nonprofit commodity groups, agricultural processors, exporters, land-grant colleges, county extension agents, and individual producers. Export promotion includes business counseling, training, market research information, trade missions and fairs, and export finance and assistance.

AUDIT

Our audit strategy is to evaluate the market development activities of the Foreign Agricultural Service (FAS) and the Agricultural Marketing Service (AMS) to determine if programs and activities are being properly implemented and are helping the Department achieve its goal of increased exports.

During FY 1996, OIG evaluated the implementation of the agricultural provisions of the North American Free Trade Agreement, reviewed the international cooperation and development mission area within FAS, audited the CCC food aid donation agreement with the Fund for Democracy and Development, and reviewed funds transferred by Section 632(a) of the Foreign Assistance Act of 1961 for use in the Newly Independent States.

Work in process includes a review of the Joint Commissions for Agribusiness and Rural Development in the Russian Federation and the Kyrgyz Republic, an audit of internal controls over FAS overseas offices, a survey of the Sugar Reexport Program, and a survey of the foreign market development and Market Promotion Programs.

During FY 1997, as requested by FAS, OIG plans to review the use of administrative funds by private voluntary organizations implementing the food aid donation programs. OIG will also review the accuracy of the AMS Market News program and implementation of the Uruguay Round provisions of the General Agreement on Tariffs and Trade.

INVESTIGATIONS

We have completed several significant investigations involving FAS. We will continue to work closely with OIG-Audit and FAS to ensure allegations involving FAS programs are reviewed in a timely manner. We anticipate that available staff workdays devoted to FAS cases will be approximately 1 percent.

ENTITLEMENT PROGRAMS

The Food and Consumer Service (FCS) administers the Department's food assistance programs, which include the Food Stamp Program (FSP); the Child Nutrition Programs (CNP); and the Supplemental Food Program for Women, Infants and Children (WIC). These three major entitlement programs will account for approximately \$40 billion in expected expenditures in FY 1997. All these programs are administered by the States through agreements with FCS. The States, in turn, negotiate with county and project offices to deliver program benefits.

AUDIT

Our audit strategy is to focus on both FCS' overall administration of the programs, especially the FSP, and the adequacy of controls and systems FCS has in place to manage the programs. We will also build upon audits performed under the Single Audit Act (Office of Management and Budget (OMB) Circulars A-128 and A-133).

In FY 1996 our audits of FCS focused primarily on the FSP since it is the largest of the entitlement programs. We monitored the development of Electronic Benefits Transfer (EBT) systems to evaluate nationwide implementation, and we reviewed systems controls established in four States. We also conducted an audit of FCS' retailer monitoring system, the Store Tracking and Redemption Subsystem, to evaluate the effectiveness of FCS' efforts to reduce food stamp trafficking by retailers. In addition, we audited the food stamp redemption processes of financial institutions. We also evaluated FCS' controls to ensure that redemption certificates received from retailers and processed by financial institutions were accurately recorded in the agency's tracking system. We identified five financial institutions with questionable redemptions totaling over \$8.5 million. Further, we reviewed the FSP in Texas to determine whether it prevented recipients from receiving duplicate benefits and prevented disqualified individuals from further participation. The audit disclosed that the FSP automated system does not prevent duplicate social security numbers from being associated with two or more households, thus allowing duplicate participation.

Also, we reviewed FCS' activities to control payment error rates. Our audit disclosed that FCS' error rate reduction incentive process has not been effective in achieving sustained payment error rate (PER) reductions. States that were sanctioned for high PER's were not required to pay the fiscal penalties totaling \$939 million since FY 1981, and States generally have not reduced PER's to

qualify for enhanced funding of their administrative costs. At the request of FCS, we evaluated Emergency Food Stamp Program activities after Hurricane Marilyn struck the Virgin Islands in the fall of 1995, and after heavy winter rains caused flooding in Oregon, Washington, and Idaho in February 1996. Our evaluation disclosed that FCS had achieved the objectives of the program.

We evaluated the certification process and administrative costs for WIC claimed for Federal reimbursement by the Colorado Department of Public Health and Environment, a State agency. We found that WIC administrative costs and certifications tested were generally in compliance with Federal requirements. However, our audit disclosed that WIC administrative costs of \$437,930 claimed by two local agencies in FY's 1994 and 1995 were not in compliance with the Federal and State requirements for having a current, approved indirect cost rate.

At the request of FCS' Southwest Regional Office, we audited the Child and Adult Care Food Program (CACFP) to satisfy their concerns about the significant growth of the program for adults in South Texas relative to other areas in the State. Our objective was to determine whether selected sponsors of adult day care centers were administering the CACFP according to program requirements. We found that one sponsor did not report that one of its centers had closed, and that it did not conduct time studies to support apportioned labor costs. In addition, the sponsor claimed meals (1) that were not eaten, (2) that were eaten off-site, and (3) that did not contain the minimum food components. The sponsor also inflated claims for 6,348 meals. As a result, the sponsor was issued excessive CACFP payments totaling over \$46,000.

We evaluated the procurement practices of school food authorities (SFA), who used cooperatives, to determine compliance with Federal procurement standards to ensure open and free competition for contract awards. We found that the SFA's did not adhere to OMB Procurement Standards when procuring food products for the National School Lunch Program. SFA's did not competitively bid to obtain the services of the cooperative. In addition, the SFA's procurement activities did not result in open and free competition.

Our nationwide audit of FCS' management of State administrative expense (SAE) funds (provided to the State agency under its CNP) disclosed that management evaluation reviews, which are a key internal control used by FCS, provided little or no coverage of SAE funds. FCS granted reallocations of almost \$356,000 to State agencies which had not clearly demonstrated the need for them. In addition, FCS did not enforce the Federal regulation limiting the transfer of SAE funds from one program to another to 10 percent of the initial allocation, which resulted in one State agency transferring more than \$333,000 in SAE funds from one program to another.

Since FCS programs have large cash outlays, the potential exists for fraud and large dollar losses. In FY 1997 we will continue to emphasize audits of FCS programs, particularly the FSP, to ensure that critical internal control checks are in place to guarantee efficiency, effectiveness, and economy. With EBT expansion planned over the remainder of the decade, we will be working closely with FCS to ensure that EBT systems have sufficient controls to provide an accurate amount of benefits to recipients, that retailers are reimbursed correctly, and that the EBT data base is used to identify problem retailers and participants.

We began several audits last year in the FSP that will be completed during FY 1997. These audits include the strategic monitoring of EBT system developments, FSP administrative costs, reinvestment of food stamp penalties, and the establishment and collection of food stamp claims. Also scheduled to be completed this fiscal year are our audits on food distribution and WIC food delivery systems.

In the National School Lunch Program we are continuing our focus on program administration. In addition, we will review income verification for participating households.

INVESTIGATIONS

Our FSP investigations have typically focused on trafficking (the exchange of food stamps for cash, drugs, property, and other nonfood items) by (1) authorized retail grocery store owners and employees and (2) individuals not associated with authorized retail stores. In FY 1997 we expect to continue to expend a considerable amount of our resources investigating food stamp trafficking by authorized retailers, especially those authorized to redeem FSP benefits through EBT systems. At the same time, we will reduce time spent on food stamp trafficking investigations involving unauthorized individuals or entities.

In order to maximize the effectiveness of these investigations and improve our intelligence-gathering capabilities, we will continue to work closely with the FCS compliance staff in cases involving authorized retailers. We will continue to work with other Federal, State, and local law enforcement agencies in cases involving trafficking.

During the first three-quarters of FY 1996, we expended approximately half of our investigative resources on FCS programs, primarily in the FSP. In FY 1997 we plan to use approximately 44 percent of staff workdays on FCS programs.

FOREST SERVICE

The Forest Service (FS) has the Federal responsibility for providing leadership in forestry practices on public and private lands. The National Forest System covers approximately 191 million acres of national forest and grasslands. These lands are administered by the FS through 9 regional offices, 156 forest supervisor offices, and 617 ranger district offices which are located in 44 States, Puerto Rico, and the Virgin Islands. FS operational activities include the management of all resources on these lands including timber, fish and wildlife habitat, range conservation, recreation, and firefighting. The FS also cooperates with State and local government and private landowners in the management of forest resources, and provides leadership in forest and rangeland research. The FY 1997 budget for the FS is projected at \$3 billion while receipts generated through timber sales and other activities are estimated at about \$1 billion.

AUDIT

Our audit strategy for FY 1997 will focus on areas where conflict-of-interest issues could arise within FS operations, including administration of grants. We also plan to evaluate the management of law enforcement operations within the agency as well as infrastructure maintenance of FS facilities. We will also continue to concentrate audit resources in the area of timber and resource management.

In FY 1996 our audits evaluated controls over State and private forestry grants and timber theft prevention controls. We also began audits in the area of Federal excess property, and the timber salvage sale program.

For FY 1997 we have audits planned in the areas of grant administration to non-profit organizations, timber sale administration and billings process, management of FS law enforcement operations, management of fish and wildlife resources, emergency firefighting costs, and the environmental appeals process, as well as an evaluation of revenue enhancement opportunities.

INVESTIGATIONS

In this strategy, we intend to investigate cases involving theft of Government property as well as cases involving the FS' contracting for goods and services. We expect our efforts in the FS to remain at 2 percent in FY 1997.

RESEARCH AND TECHNOLOGY TRANSFER

USDA is the lead agency for the Federal investment in agricultural research and development and for programs that introduce new and improved technologies to the production, processing, and marketing of agricultural and forestry products.

The principal agencies of the Department's research and technology transfer effort are:

- the **Agricultural Research Service** (including the National Agricultural Library), which supports direct Federal research and provides information on new and improved technologies on problems of national impact in production, processing, and marketing of agricultural and forestry products;
- the **Cooperative State Research, Education, and Extension Service (CSREES)**, which administers the Federal partnership with the State Land Grant system and other public and private institutions for science capacity building, basic and applied research, and the dissemination of information and technology;
- the **Economic Research Service**, which provides economic and social science information and analysis for public and private decision-makers for improving agricultural profitability and the rural economy;
- the **National Agricultural Statistical Service**, which is USDA's source for the collection and publication of the Nation's agricultural production statistics;
- the **Alternative Agricultural Research and Commercialization Center (AARC)**, which is established as a wholly Government-owned corporation to advance research on new nonfood and nonfeed uses of agricultural and forestry commodities leading to commercialization of the products from this research and an increased demand for these commodities; and

- the **Forest Service Research appropriation**, which is designed to improve resource conservation, productivity, and protection of 1.6 billion acres of private and publicly owned forests and rangelands through direct research and the sharing of scientific information with other Government agencies, colleges and universities, businesses, and private landowners.

The FY 1997 budget for these agencies will exceed \$2 billion.

AUDIT

For this strategy, our three major audit objectives will be to (1) determine if the policies and processes of USDA research funding decisions comply with the standards and expectations of individual program authorities and the National Agricultural Research, Teaching, and Extension Policy Act; (2) determine if the research delivery systems are productive and economical, and represent the best science available; and (3) determine if current and appropriate technology is disseminated effectively to the farming and forestry communities.

In FY 1996 we responded to requests from the Administrators of CSREES and ARS to review two special research grants to determine whether funds were used as intended and controls were sufficient to ensure reasonable performance and accountability. We reported on FS' use of funds for direct research programs, provided recommendations on the use of FS program authorities and project management, and began a review of extramural FS research agreements. We completed a survey of CSREES' National Research Initiative Competitive Research Grants Program and initiated another on ARS and CSREES direct and extramural research facilities funding. We concluded our review of AARC's organization and administrative procedures; and, at the request of the AARC Director, we initiated an audit of one of their cooperative agreements.

In FY 1997 we will continue to review the administration of competitive research grants and direct and extramural research facilities funding, and we will complete our audit of FS extramural research agreements. In addition, we will initiate a review of the controls over research management at ARS laboratories and monitor the development of the new partnership between agricultural and biomedical research directed by the 1996 FAIR Act. We will also initiate an audit covering the implementation of the Competitive Grants Program and the comparative efficiency of the CSREES delivery system at selected institutions. As preparation for evaluating ARS technology transfer efforts, we will perform followup reviews of our prior work concerning the implementation of the Technology Transfer Act of 1987 and recommendations made to AARC's management.

INTEGRITY OF USDA PERSONNEL

The integrity of USDA personnel is essential to maintain the public's confidence that tax dollars and resources are adequately protected. A myriad of laws, Executive orders, and regulations prescribe what is expected of public servants before, during, and after Government employment. During employment, public servants are held to high ethical standards, including prohibitions against acceptance of gifts and gratuities, private compensation, and the appearance of a conflict of interest. Certain prohibitions also apply after an employee leaves the Government. For example, the Federal Procurement Policy Act (Title 41 U.S.C. Section 23) imposes a 1-year restriction prohibiting individuals from representing a contractor in the negotiation or performance of a contract if that individual was personally and substantially involved in either the negotiation or review and approval of that same contract as a Government representative.

INVESTIGATIONS

The prompt investigation of allegations involving the integrity of USDA employees continues to be a high priority of the Department and of OIG. Employee misconduct most often involves allegations of conflict of interest, embezzlement, and bribery. We have made a significant commitment to ensure that allegations of employee misconduct are investigated in a timely manner, in order that the agencies involved may proceed expeditiously with appropriate administrative action.

In addition to conducting investigations of criminal misconduct, OIG, in cooperation with Human Resource Management, jointly conducts a 1-week training course for personnel specialists and other selected employees in USDA agencies. We teach students how to plan, conduct, and report on their own investigations. Graduates are designated by their agency as "Non-Criminal Misconduct Investigators" and are authorized to investigate allegations involving employees of their agencies. This program has allowed agencies to quickly investigate and resolve allegations which do not require the expertise of a criminal investigator. It has also made our expenditure of OIG resources on misconduct matters in general to be more focused, efficient, productive, and effective.

We intend to continue our commitment to employee integrity investigations by spending 7 percent of investigative time in this area.

PROCUREMENT

Procurement of goods and services to support agency operations within USDA exceeded \$3 billion in FY 1996. The range of procurement and contracting is broad and includes advisory and assistance services; purchases of meat, poultry, and fish; and printing and distribution of food stamp coupons. Governmentwide policy is provided by OMB's Office of Federal Procurement Policy. Within USDA, the Office of Operations provides oversight for departmental procurement and contracting functions. The National Finance Center performs the accounting and payment functions for most agency procurements.

AUDIT

Our strategy covers all aspects of USDA's procurement operations: acquisition management and planning, identification of requirements, solicitation and selection of sources, contract awards, contract funding, and contract performance and administration.

During FY 1996 we performed audits of contracts to assist USDA contracting officers in the negotiation, administration, and settlement of USDA contracts and subcontracts. We also conducted one legislatively mandated review. The review, required at the time by Title 31 U.S.C. Section 1352, reviewed the actions taken by the Department and selected USDA agencies to comply with the requirements and prohibitions related to lobbying for Federal awards. This audit is no longer legislatively mandated as a result of the enactment of Public Law 104-65, which eliminated the audit requirement contained in Title 31 U.S.C., also known as the Byrd amendment.

In FY 1996 we continued to review the Department's progress in implementing the recommendations of the USDA Procurement Review Task Force. We focused on the management of the Commercial Credit Card and Third Party Draft procurement systems. During FY 1996, we performed an audit of a contractor operating under the Section 8(A) Program and reported on improper actions by the contractor that resulted in up to \$194,000 in overpayments by USDA.

In FY 1997 we will be performing audits of competitive bidding practices used in commodity purchases by major USDA agencies. Such procurement constitutes nearly 70 percent of the Department's total dollar amount of annual procurement. We will also be performing an audit of support services contracts and personal services contracts to determine whether they are being properly awarded and

administered. We will also be performing a new legislatively mandated audit. The audit will be a review of the implementation of value engineering by the Department's agencies in compliance with OMB Circular A-131. We will continue to monitor the Department's implementation of procurement reforms by expanding our focus to micropurchase activity and accountability. We will also continue our memorandum of understanding with the Defense Contract Audit Agency to conduct audits of contract pricing proposals, incurred costs, and contractor claims for USDA agencies.

CONSUMER PROTECTION

Consumer protection activities within the Department include those activities designed to ensure that the food the consumer eats is safe and properly labeled and graded, and the Nation's plant and animal resources are safeguarded. These activities are performed by the Food Safety and Inspection Service (FSIS); Agricultural Marketing Service (AMS); Animal and Plant Health Inspection Service (APHIS); and the Grain Inspection, Packers and Stockyards Administration (GIPSA). The activities include in-plant inspections of all domestic establishments preparing meat and poultry products for sale or distribution; review of foreign inspection systems and establishments; inspection and quarantine of animals and plants at U.S. ports-of-entry; control of agricultural losses caused by predatory animals; developing standards for licensing and testing veterinary biologics; establishing grading standards for eggs, tobacco, livestock, dairy, poultry, fruits, vegetables, and grain; and performing weighing and inspection services to ensure the standards are met. The public depends on these agencies to ensure a safe food supply; farmers depend upon these agencies to protect agricultural resources and maintain consumer confidence in the market for their products.

AUDIT

Food safety and quality issues have received considerable attention over the last few years. In addition, increased foreign trade has become a key economic objective. Our strategy is to assess management control systems which ensure that the Department is effectively protecting both the consumer and the agricultural resources of the Nation. Our strategy focuses on the intensified activities in food safety to identify and implement new meat, poultry, and egg inspection technologies.

Our FY 1996 plan included an evaluation of changes in the meat and poultry inspection system in FSIS, as well as an audit of the imported meat process. We also reviewed administrative aspects of the Cotton Board for Research and Promotion, as well as AMS dairy grading activities.

In addition, we continued to work with AMS and developed audit programs for marketing order administrative committees. More recently we have undertaken an audit of the AMS cotton classing (grading) process.

For 1997 we will continue to follow up on our previous audits of APHIS' implementation of the Animal Welfare Act. We will also be continuing work begun in FY 1995 in the Veterinary Biologics Program. In FSIS we will continue our work on imported meat as well as assessing the steps that the agency is taking to reorganize and overhaul the meat and poultry inspection system.

INVESTIGATIONS

Investigations into threats to the health and safety of the public remain our highest priority. When threats to public health are identified, such as allegations of tampering with products regulated by the Department, we immediately begin work as part of a team of agencies to determine the extent of the problem, identify its cause, take corrective action, and seek criminal prosecution, if appropriate.

We coordinate continually with other agencies to guard against deliberate criminal acts that endanger public health and safety or cause economic harm to the public through misrepresentation of the quality of agricultural products. To carry out this function, we maintain formal agreements with AMS, FSIS, GIPSA and APHIS, as well as the regulatory division of the Office of the General Counsel.

Food and Consumer Products

We continue to be concerned both about health and safety cases (i.e., those involving potential sale or movement in interstate commerce of uninspected or adulterated products) and about economic impact cases (i.e., those involving potentially mislabeled, misrepresented, or substandard products offered for sale or moving in interstate commerce.) Our commitment of investigative resources to these types of investigations (AMS and FSIS combined) is expected to be about 9 percent in FY 1997.

We will work closely with FSIS concerning the implementation of the new food safety regulations.

Animal and Plant Health Protection

We expect the percentage of staff workdays allocated to APHIS investigations to be 3 percent in FY 1997.

RISK MANAGEMENT

The risk management strategy encompasses a variety of Federal Crop Insurance Corporation (FCIC) crop insurance programs administered by the Risk Management Agency (RMA). FCIC receives funds from four main sources: capital stock subscriptions from the U.S. Treasury, premium income from producers purchasing insurance policies, administrative fees paid by producers purchasing catastrophic risk protection, and appropriations for Federal premium subsidies and operating expenses. The principal activities of RMA/FCIC included in this strategy are the administration and management of the various crop insurance programs administered by them, estimated at about \$2.5 billion for FY 1997.

AUDIT

Our audit strategy is designed to ensure overall program integrity, prevent and detect program/insurance losses, provide a visible audit presence, ensure program objectives are being accomplished, and assist program managers to find solutions for known or potential program weaknesses. Emphasis on crop insurance programs is needed because of the significance of prior audit findings, the expansion (i.e. new types of insurance) and revision of major insurance programs, the reliance placed upon FCIC by the U.S. Congress to be the "safety net" for American farmers, departmental reorganization, and the 1996 FAIR Act.

Our FY 1996 audits continued to find problems with RMA administration of the FCIC programs in the areas of crop loss claims (preparation and adjusting), implementation of new and pilot programs, producers providing inaccurate production information, and insurance contract weaknesses. We have referred several cases for criminal investigation.

Among the major audits of RMA planned for FY 1997 are audits of Federal Crop Insurance Corporation authorities, standard reinsurance agreement reporting requirements, and specialty crop insurance payments and provisions. In addition, we will be completing our national audit work of the 1995 and 1996 (if applicable) crop years claims and the evaluation of the implementation of the new Crop Revenue Coverage Program.

INVESTIGATIONS

Our strategy in Risk Management investigations is to continue working closely with the risk compliance division to ensure the timely referral of matters of interest and to strengthen the effectiveness of the compliance unit. We anticipate devoting 5 percent of our investigative resources to this program area in FY 1997.

ACCOUNTING AND FINANCIAL MANAGEMENT

The Chief Financial Officers (CFO) Act of 1990 designated USDA as part of the pilot program to prepare and audit financial statements beginning with the FY 1990 statements. The Government Management Reform Act of 1994 reduced the number of CFO Act requirements for agencies to submit audited financial statements to the OMB. Financial statements are now being prepared each year covering all departmental activities, including all revolving and trust funds and programs that perform substantial commercial functions.

In its FY 1995 financial statements, the Department reported assets of over \$140 billion and total liabilities of over \$110 billion. Six departmental agencies accounted for more than 97 percent of each of those totals. Other account balances in the FY 1995 financial statements included \$74 billion in net loans receivable, \$95 billion in long-term debt owed by USDA, and over \$7.7 billion in interest expense. The central accounting system and six other financial management systems in the Department provided accounting controls over all transactions processed in USDA. These systems also provide financial reports to agency managers as well as to nondepartmental entities. The systems are maintained on large-scale computers at either the National Computer Center (NCC) or the Office of Chief Financial Officer's (OCFO) National Finance Center (NFC).

AUDIT

Our audit strategy encompasses the Department's financial statements, as well as departmental cash management and debt collection, financial management systems, and the responsibilities of the OCFO. OCFO provides leadership, expertise, coordination, and evaluation in the development of Department and agency programs in financial management, accounting, Federal assistance, and performance measurements. OCFO also provides, through NFC, central accounting and administrative services for USDA agencies and over 30 other Federal departments and agencies outside USDA.

In FY 1996 we performed or provided oversight of audits of the CCC, FCIC, FCS, FS, Rural Development agencies, including RUS/Rural Telephone Bank (RTB), and the consolidated USDA FY 1995 financial statements. We audited NFC's general controls; USDA's working capital funds; FS' working capital fund for fleet management; and USDA's compliance with IRS reporting requirements. We also monitored the USDA Financial Information System Vision and Strategy (FISVIS).

In FY 1997 we plan to audit the CCC, FCIC, FCS, FS, Rural Development agencies, including RUS/RTB, and the consolidated USDA financial statements for FY 1996, and to begin an audit of the USDA working capital fund financial statements for FY 1997. We also plan audits of the FS' working capital fund for computer services; NFC's electronic funds transfers; NFC property management; assessment of USDA user fees; and billings and collections on interagency agreements. Several surveys are planned, such as a system review of NFC payroll operations; NFC's controls over health care premiums; and NFC's handling of cash and other negotiable instruments. In addition, we will continue to monitor FISVIS, audit NFC's general controls, and evaluate the efficiency and effectiveness of USDA's working capital fund.

During the conduct of our CFO-related audits, we identified other audit issues that have since been included in this audit plan. For example, in FY 1997 we plan to audit the FS' controls over emergency firefighting fund expenses and the FS' new infrastructure system used to record and track real property. The issues might not have been identified had it not been for the work we were doing on USDA's financial statements.

Our efforts to work with and provide technical assistance to the Department in the area of accounting and financial management will continue into FY 1997. OIG is a member of the USDA Accounting Policy and Financial Statements Coordinating Committee; through this committee we provide our views and technical assistance to the working groups. We also meet with work teams, task forces, and review boards to deal with subjects on cash management, cost accounting, credit reform, litigation tracking, Federal Managers' Financial Integrity Act, and USDA's FISVIS. We strive to become partners with the OCFO in order to improve operations. We coordinate with the OCFO on general control reviews and system audits, training, and the resolution of issues with OMB.

INFORMATION RESOURCES MANAGEMENT SYSTEMS

USDA agencies continue to seek the most current, powerful, efficient, and economical automated resources to support their many diverse programs and administrative functions. These activities involve investments of millions of dollars annually (billions of dollars over the lives of the various individual information resources management (IRM) systems), and need continual management and audit oversight.

The major USDA mainframe processing facilities are located in the Office of Operations' National Information Technology Center (NITC) in Kansas City, Missouri, with a satellite operation in Fort Collins, Colorado; and in the NFC in New Orleans, Louisiana. NITC provides departmentwide processing, storage, telecommunications, and applications development services. NFC operates centralized accounting, payroll/personnel, and administrative payment systems for USDA and more than 30 other Federal departments and agencies.

Of current major significance in USDA are

- the Field Service Center Implementation project, a major effort to establish "one-stop" shopping in field offices by reorganizing programs and merging the goals and objectives of the InfoShare Program, including procurement of IRM resources, for the farm, natural resources, and rural development agencies;
- Modernization of Administrative Processes (MAP), a program to develop and implement modern administrative processes used to manage the money, personnel, property, and information resources entrusted to USDA;
- Financial Information System Vision and Strategy (FISVIS), an effort to implement more efficient and effective financial management systems throughout USDA;
- Departmentwide telecommunications planning for VOICE/LAN/WAN services throughout all USDA offices;
- Project 615, an FS project to replace its IRM hardware and software;

- strategic IRM planning;
- data sharing, data administration, and data management;
- IRM security; and
- various agency efforts to replace or upgrade automated systems and capabilities.

The major issues surrounding USDA's IRM activities continue to be the integrity of the planning and acquisition processes for these automated resources, the adequacy of security and control over IRM systems and resources, and the lack of integration of many disparate systems. This last issue raises concerns in the areas of telecommunications, the compatibility of hardware and software being acquired, and data sharing and administration.

AUDIT

This strategy highlights USDA's significant investment in automated resources, the importance of careful planning to ensure that the resources acquired are needed and prudently obtained, and the importance of designing and implementing effective security and control measures.

In FY 1996 we completed audits of the general controls including selected aspects of automated data processing security and controls at both the NITC and NFC. We evaluated controls over USDA access to the Internet and FS information systems development. We also continued our monitoring of MAP, InfoShare, and FISVIS initiatives.

In FY 1997 we will continue to monitor, as well as to initiate audits of, the Field Service Center Implementation, MAP, Dedicated Loan Origination and Servicing System (DLOS), and FISVIS projects. We will review security, control, and management of a variety of automation activities, such as systems development and enhancements, systems modification, application control and testing, and backup and recovery operations in FSA, Rural Development, National Agricultural Statistics Service, FCS, FS, and OCFO/NFC. Also planned are audits of the general controls at the NITC, USDA Computer Applications Conversion for the Year 2000, and security and control of sensitive systems.

RURAL DEVELOPMENT

The Rural Development strategy consists of programs in three agencies, including the Rural Housing Service (RHS), the Rural Business-Cooperative Service (RBS), and the Rural Utilities Service (RUS). Rural Development's mission is to forge new partnerships with rural communities, fund projects, and provide technical assistance to help create quality jobs, services, housing and utilities. Rural Development's direct and guaranteed loan portfolios totaled approximately \$52.8 billion and \$26.7 billion, respectively, as of September 30, 1995.

Two major direct and insured loan lenders in USDA are RHS and RUS. RBS received a nominal amount (\$50 million) of appropriated funds to make direct Business and Industrial (B&I) loans in FY 1997. RHS provides credit assistance through direct loans for housing programs (single and multifamily housing loans), and to build or improve other types of essential public-use facilities, such as health care facilities, fire stations, and police stations, serving rural areas. RBS funds projects that create or preserve jobs and promote a clean rural environment. RBS funds are leveraged with those of other public and private source lenders to meet business and credit needs in under-served areas. RUS makes insured loans to rural electric cooperatives, rural telephone cooperatives and companies, and water and waste facility operators.

For guaranteed loans, funds are supplied directly to borrowers by commercial lenders, with USDA agencies minimizing the lender's risk by reimbursing the lending institution for a percentage (up to 90 percent) of any loss due to borrower default. RBS, in partnership with private sector and community-based organizations, provides financial assistance and business planning. RUS guarantees loans made by the Federal Financing Bank of the U.S. Treasury to generation and transmission cooperatives. The Omnibus Budget Reconciliation Act of 1990 created a 90-percent guaranteed loan program for electric distribution borrowers.

AUDIT

Our FY 1996 plan continued to focus on the management and operations of rural rental housing (RRH) projects. We also completed an evaluation of the RRH program to identify areas where the program could be improved through legislation. We analyzed some of the statutory requirements affecting the RRH program and compared them to those affecting U.S. Department of Housing and Urban

Development (HUD) programs to determine if differences existed and if the RRH program could be strengthened by any of the HUD provisions. This review disclosed areas where HUD's legislative authority included deterrents to fraud, waste, and abuse which are not in effect in RRH programs.

Surveys were conducted in four programs in RBS in FY 1996. Survey results indicated a need for further review of loan eligibility in the Intermediary Relending Program and of cash management in the Empowerment Zone-Enterprise Communities Program. The FY 1996 RUS coverage includes reviews in the following areas: eligibility of water and waste loans, water and waste borrower operations, and distance learning and telemedicine. The Rural Economic Development Loan and Grant Program review disclosed internal control weaknesses in monitoring and processing loans.

In prioritizing the audit work for 1997, we have incorporated coverage to monitor the effect of major shifts in program policy, large dollar increases in appropriations and program levels, and new programs. The 1996 FAIR Act provided the stimulus for many of the audit ideas in the FY 1997 plan. At least one audit is planned to review the credit programs authorized in the recently enacted legislation. Programs receiving priority for review in FY 1997 are the Distance Learning and Telemedicine Loan Program, the National Sheep Industry Improvement Center Loan Program, the Rural Community Advancement Program, and the Multifamily Rental Housing Loan Program.

In addition, the RRH Rehabilitation Loan Program audit will be completed in FY 1997. Because of substantial increases in funding to meet the rising demand and increased interest in the Guaranteed Single Family Home Program, we will review the agency's plans and implementation of the shift in loanmaking from direct to guaranteed.

In the RBS area, major program revisions to the B&I Loan Program in FY 1997 will require a review of the revised regulations to determine whether the necessary controls have been developed and/or maintained. B&I loans are made and serviced by lenders in the private sector but guaranteed by the Government in case of default. We will review liquidations of B&I loans to determine if they comply with laws and regulations.

Since the demand for distance learning and telemedicine systems far exceeds the available funding, RUS must target grants to institutions in the most needy areas. We will review loanmaking for these loans.

INVESTIGATIONS

We continue to investigate allegations of fraud in RHS' Rural Housing (RH) and RRH Programs. RH fraud typically involves the borrower's failure to accurately report household income, or composition, or both. RRH fraud investigations primarily involve housing project managers' theft or misuse of reserve accounts, falsification of records of tenants or occupancy, and "layering" of management functions and costs in order to siphon off money without justification and for personal gain.

We plan to devote approximately 5 percent of FY 1997 investigative workdays to RH and RRH programs.

Investigative staff now attend RUS irregularity meetings and assist RUS in the early determination of OIG's investigative interest in a matter. This process also allows OIG to intercede before RUS administrative actions can interfere with a possible criminal investigation.

Most of our RUS investigations have focused on borrowers who embezzled or diverted loan funds or who inflated costs in order to receive additional loans. We expect the percentage of investigative staff-days devoted to RUS investigations to remain at less than 1 percent in FY 1997.

MANAGEMENT/CONTROL OF ENVIRONMENTAL HAZARDS

This strategy brings together a wide range of agency programs and operations under a general concern for the protection of the environment and the abatement of any environmental hazards that result from practices in agriculture and forestry. Agricultural production is considered to be a major contributor to the Nation's pollution problems. The Department has adopted a comprehensive policy that guides efforts for correcting these problems and reducing future environmental damage from farming and forestry. It is estimated that in FY 1997 USDA appropriations for environmental activities covered by this strategy will exceed \$220 million.

Agencies of the Federal Government are required to identify and remedy their noncompliance with Federal, State, and local standards for environmental quality. Noncompliance could include pollution from noise, pesticides, chemicals, and toxic and radioactive wastes. USDA operates over 21,000 buildings at more than 15,000 locations and controls nearly 193 million acres of land. Violations of Federal or State standards at Government-owned or operated facilities subject agencies to legal and administrative actions which may result in the criminal prosecution of Federal employees, the loss of program funds, or delayed projects.

USDA works with the U.S. Environmental Protection Agency to schedule problem areas for remedial action. These plans are coordinated and presented as a single funding item under the budget for departmental administration. Major areas of funding are associated with actions to prevent and remedy environmental damage from active and abandoned mines on the public lands that are under the stewardship of USDA.

AUDIT

Our strategy is to (1) review the Department's implementation of the Federal Facilities Compliance Act, (2) evaluate agency efforts to discover new and improved technologies that reduce environmental pollution and hazardous waste, and (3) assess the impact on the environment of major programs designed to assist the agricultural and forestry communities.

In FY 1996 we completed our review of the Department's compliance with Federal, State, and local environmental regulations affected by the management of active and abandoned mining sites on FS lands. We also reported on our review of the environmental compliance and employee safety issues related to agencies' management of hazardous biological materials and resumed work on radiological waste management and disposal. We also initiated a departmentwide review of crosscutting issues and programs related to the use of agricultural chemicals and pollution.

In FY 1997 we will conduct a survey on agency liabilities from the acquisition and disposal of lands with environmental hazards. The survey will include an assessment of the progress made on previous cleanup commitments. We will also initiate an evaluation of the overall progress of the Hazardous Waste Program and the implementation of our previous audit recommendations. In addition, we will continue our work on agricultural chemicals and complete our report on radioactive materials.

PROGRAM COMPLIANCE, ECONOMY, AND EFFICIENCY

The Program Compliance, Economy, and Efficiency strategy includes all programs and activities not included in other strategic areas. It includes special requests, audit followup, single audits of State and local governments, and the quality of audits performed by non-Federal auditors.

This strategy also includes audits and investigations of the Natural Resources Conservation Service (NRCS). NRCS' mission is to work on the Nation's private lands to conserve, improve, and sustain natural resources. NRCS provides technical assistance through local conservation districts on a voluntary basis to landusers, watershed groups, and Federal and State agencies. The agencies' work focuses on erosion reduction, wetland restoration and protection, water quality improvement, fish and wildlife habitat improvement, and other conservation and natural resource practices. The FAIR Act of 1996 authorized more than \$2.2 billion in additional funding for conservation programs to address high-priority environmental goals. The FAIR Act reformed the existing Environmental Conservation Acreage Reserve Program, which encompasses the Conservation Reserve Program, the new Environmental Quality Conservation Program (EQIP), and the Wetland Reserve Program. EQIP combines functions of the Agricultural Conservation Program, Water Quality Incentive Program, Great Plains Conservation Program, and Colorado River Basin Salinity Control Program. EQIP is funded at \$130 million in FY 1996 and \$200 million annually thereafter. These new initiatives were created to improve natural resources on the Nation's private lands.

AUDIT

During any year, issues develop which we cannot anticipate during the planning process. These issues usually develop from Secretarial, agency, congressional, or OIG concerns regarding fraud, waste, or abuse. In order to respond to these concerns, OIG reserves time for any unanticipated requests.

We also set aside time in our plan to monitor the management decisions made for audit recommendations presented in our audit reports. The purpose of management decisions is to ensure that we and the auditee agree on the actions to be taken to correct deficiencies. Once we agree with the management decision, management is responsible for implementing final actions. Final actions are monitored and tracked by the OCFO.

Our FY 1997 plan includes time for ensuring the quality of audits performed by non-Federal auditors in accordance with OMB Circulars A-128 and A-133, as well as those submitted to USDA agencies under program-specific requirements. When substandard audit work is identified, we refer the independent auditor to the State Board of Licensing Authorities and the American Institute of Certified Public Accountants.

Natural Resources Conservation Service Activities

Our strategic planning for FY 1997 in NRCS will focus on the implementation of EQIP and assess whether promulgation of regulations will be fair and reasonable. We also plan to evaluate the impact of the FAIR Act on the administration and enforcement of the conservation compliance provisions. We will continue to evaluate farmer compliance with Wetland Conservation regulations and controls over land eligibility determinations for the Conservation Reserve Program.

In FY 1996 we evaluated the effectiveness of the water quality incentive program in addressing water quality problems. We also reviewed NRCS' conservation system for acreages released early from the Conservation Reserve Program.

In FY 1997 we have audits planned to assess EQIP, farmland protection, wetland reserve eligibility, conservation reserve eligibility determinations, conservation compliance, and the Emergency Watershed Protection Program.

APPENDIX II

***MAJOR AUDITS PLANNED FOR
FISCAL YEAR 1997***

MAJOR AUDITS PLANNED FOR FISCAL YEAR 1997

Below are brief descriptions of major audits planned for FY 1997. A complete listing of audits planned for the upcoming year is provided in appendix III.

NATURAL RESOURCES AND ENVIRONMENT
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Forest Service (FS)

TITLE: FY 1996 FS Financial Statements
FY 1997 FS Financial Statements

OBJECTIVE(S): Determine if FS' financial statements are presented properly in all material aspects in accordance with applicable accounting principles, internal accounting controls are adequate, and FS complies with applicable laws and regulations.

TITLE: Forest Service Law Enforcement

OBJECTIVE(S): Familiarize ourselves with Forest Service law enforcement activities and determine any potential areas of improvement. This will be a joint effort with OIG-Investigations.

TITLE: Salvage Sale Fund Accountability

OBJECTIVE(S): Perform a preliminary review of controls to account for salvage sale fund expenditures and collections. Determine whether current procedures result in a realistic determination of salvage sale needs and whether receipts not due the Salvage Sale Fund are deposited in the Treasury account.

TITLE: Propriety of Use of Appropriated Funds by Non-Profit Organizations

OBJECTIVE(S): Determine whether nonprofit organizations are spending appropriated funds provided by the Forest Service in accordance with grant requirements, and whether conflicts of interest existed between officers, directors, and employees of these organizations.

FARM AND FOREIGN AGRICULTURAL SERVICES

Farm Service Agency (FSA)

TITLE: FY 1996 CCC Financial Statements
FY 1997 CCC Financial Statements

OBJECTIVE(S): Determine if CCC's financial statements are presented properly in all material aspects in accordance with applicable accounting principles, internal accounting controls are adequate, and CCC complies with applicable laws and regulations.

TITLE: Reorganizations For Payment Limitation

OBJECTIVE(S): Determine the validity of reorganizations for farming operations in 1996. Specifically, ensure the "actively engaged in farming" status of the new "persons" is correct, and determine if the new entities were bona fide or were merely "paper changes" to evade the limit.

TITLE: 1996 FAIR Act Provisions Affecting Farmer Program Direct Loans

OBJECTIVE(S): Evaluate the implementation of provisions of the 1996 FAIR Act as applicable to (1) borrower eligibility, with emphasis on debt forgiveness, loan account status, and approval of applications in process as of April 4, 1996; (2) the obligation of loan funds; (3) the loan purposes and use of loan funds; and (4) statutory limitations.

Foreign Agricultural Service (FAS)

TITLE: Evaluation of Private Voluntary Organizations Administrative Funds

OBJECTIVE(S): Determine if Private Voluntary Organizations are using administrative funds for the food aid donation programs in accordance with program regulations and if the funds are actually helping the commodities reach their destination in a timely manner.

Risk Management Agency (RMA)

TITLE: FY 1996 FCIC Financial Statements
FY 1997 FCIC Financial Statements

OBJECTIVE(S): Determine if FCIC's financial statements are presented in accordance with a comprehensive basis of accounting approved by OMB, internal accounting controls are adequate, and FCIC complies with laws and regulations.

TITLE: Standard Reinsurance Agreement Reporting Requirements

OBJECTIVE(S): Evaluate the accuracy, propriety, and reliability of the program data provided by reinsured companies that impact on the establishment and payment of administrative expenses, excess loss adjustment expenses, and underwriting gains and losses of the FCIC. The review will focus on 1995 and 1996 reinsurance programs and on reinsured companies with the largest volumes and potential for reporting errors.

TITLE: Federal Crop Insurance Corporation Authorities

OBJECTIVE(S): Determine if FCIC has functioned within its charter and whether its representatives have acted within their delegated authorities/responsibilities. This will also include an evaluation of the insurance industries' involvement in the FCIC policy decision-making process.

TITLE: Specialty Crop Insurance Payments and Provisions

OBJECTIVE(S): Identify and familiarize ourselves with RMA's controls over specialty crop insurance policies to prevent waste and abuse. This will include an overall evaluation of contract provisions for each commodity included in this review. In California, many producers of nonprogram specialty crops (i.e. plums, prunes, stonefruit, and tomatoes) received high indemnity payments in 1995. In addition, some pilot programs for other crops (avocados) were initiated in 1996.

RURAL DEVELOPMENT

Rural Utilities Service (RUS)

TITLE: FY 1996 RUS/RTB Financial Statements
FY 1997 RUS/RTB Financial Statements

OBJECTIVE(S): Determine if agency financial statements are presented in accordance with a comprehensive basis of accounting approved by OMB, internal accounting controls are adequate, and the agency complies with laws and regulations.

Rural Housing Service (RHS)

TITLE: Guaranteed Rural Housing Loans

OBJECTIVE(S): Evaluate RHS and lender compliance with policies and procedures regarding borrower eligibility and servicing requirements for guaranteed rural housing loans. Also, determine if the program is providing housing in rural areas.

TITLE: RRH Rehabilitation Loans

OBJECTIVE(S): Determine if RHS has implemented corrective actions on findings in the 1992 and 1993 RRH Construction Activity Reports. Specifically, determine if RHS is adequately monitoring RRH construction activities of direct borrowers/contractors who are charging unallowable costs to RRH loans.

TITLE: Evaluation of RRH Tenant Income Verification Process

OBJECTIVE(S): Evaluate RHS' efforts to ensure that tenants report all income and assets. RHS expects to provide over \$1 billion in rental assistance and interest credit to 2.7 million tenants in FY 1997.

TITLE: Farm Labor Housing and Rental Assistance

OBJECTIVE(S): Determine if Farm Labor Housing 1-percent interest credit non-farm loans are properly administered.

TITLE: Comparative Management of RRH Projects

OBJECTIVE(S): Compare the operation and maintenance costs of RRH projects managed by identity-of-interest companies whose principals own the projects to the costs of RRH projects managed by companies whose principals do not own them.

Rural Business-Cooperative Services (RBS)

TITLE: Business and Industrial Loan Liquidations

OBJECTIVE(S): Review controls in the liquidation process for B&I loans of less than \$3 million.

FOOD, NUTRITION, AND CONSUMER SERVICES

Food and Consumer Service (FCS)

TITLE: WIC Food Delivery Systems - Vendor Compliance

OBJECTIVE(S): Determine if FCS regulations issued recently in response to an OIG audit are preventing vendor fraud or detecting it once it has occurred.

TITLE: Implementation of the Account Management Agent System

OBJECTIVE(S): Review implementation of the Account Management Agent System application which supports monitoring of funding limitations and processing of retailer settlements for EBT.

TITLE: Strategic Monitoring of EBT System Development

OBJECTIVE(S): Monitor continued development and implementation of EBT technology in the Food Stamp and WIC Programs.

TITLE: FY 1996 FCS Financial Statements
FY 1997 FCS Financial Statements

OBJECTIVE(S): Determine if FCS financial statements are prepared fairly in accordance with applicable accounting principles, internal accounting controls are adequate, and FCS complies with applicable laws and regulations.

TITLE: Followup of New York City's Certification of Food Stamp Recipients

OBJECTIVE(S): Followup on OIG recommendations in the 1995 audit of New York City's certification of food stamp recipients. Specifically, determine if (1) the State agency implemented the controls needed to ensure its computer system does not issue benefits after the expiration of a household's certification period, (2) the State agency reconciles actual issuances with a master issuance file to identify those households certified eligible to receive FSP benefits, and (3) a casefile inventory system was developed and implemented to ensure documentation is retained and retrievable.

TITLE: Child Care Food Program - Sponsor Abuses

OBJECTIVE(S): Remove seriously deficient sponsors from the program and refer to OIG Investigations any of those sponsors who may have committed program fraud. Conduct a nationwide review of the program to make recommendations to improve the controls on a national basis.

FOOD SAFETY

Food Safety and Inspection Service (FSIS)

TITLE: Egg Products Inspection Program Implementation

OBJECTIVE(S): Follow up on a previous audit conducted when the program was located in AMS. Our audit of FSIS implementation of the program will include potential problem areas such as microbiological contamination, sanitation, laboratory analyses, inplant inspection, and the tracking of inspection results.

TITLE: Implementation of the New HACCP Regulations

OBJECTIVE(S): Review FSIS' efforts to implement new regulations. (In June 1996 FSIS issued voluminous regulations to transform the 89-year-old organoleptic method to a scientific risk-based method of pathogen reduction.)

TITLE: FSIS Federal/State Cooperative Agreements

OBJECTIVE(S): Determine whether deficiencies identified in a prior OIG audit have been resolved. Through agreements with FSIS, 29 States perform inspections at over 4,000 slaughter and processing plants. The prior audit found that the inspections under these agreements did not always match the level of the FSIS inspections.

RESEARCH, EDUCATION, AND ECONOMICS

Agricultural Research Service (ARS)

TITLE: Federal Technology Transfer Program

OBJECTIVE(S): Familiarize ourselves with the various methods whereby ARS develops and promotes its research products for public use and consumption--including the use of patents and licensing agreements and Cooperative Research and Development Agreements--in order to identify controls over decisions and agreements, potential for conflict of interest, and the amount and distribution of monetary returns.

TITLE: Research Laboratories

OBJECTIVE(S): Evaluate the adequacy of ARS' controls over its laboratories. Specifically, determine if scientists are conducting approved research projects, funds are expended in furtherance of the approved projects, and scientists are adhering to Federal and departmental guidelines on lab management and practices.

Cooperative State Research, Education, and Extension Service (CSREES)

TITLE: Competitive Research Grants Award Process - National Research Initiative

OBJECTIVE(S): Determine whether agency grants procedures are sufficient and adequately applied by recipients to safeguard funds. Evaluate the effectiveness of the agency's monitoring and tracking and the recipients' accountability for award funds.

MARKETING AND REGULATORY PROGRAMS

Agricultural Marketing Service (AMS)

TITLE: Market News Program

OBJECTIVE(S): Review the sources and accuracy of AMS market news program data on agricultural statistics in daily, monthly, quarterly, and yearly reports. This will include an assessment of (1) AMS methodologies for obtaining and summarizing agricultural market statistics and (2) internal controls to ensure the accuracy and reliability of the reported data.

TITLE: Fluid Milk Promotion Program

OBJECTIVE(S): Ensure that the Fluid Milk Promotion Program, which became effective in December 1993, is being carried out properly. Revenue from the 434 processing plants during the initial 6-month collection period was about \$53 million.

TITLE: Meat Grading and Certification Branch

OBJECTIVE(S): Evaluate AMS meat grading procedures and controls. Specifically, determine if graders are making proper determinations, grading certificates are not falsified, and meat sold to the public is the quality it is represented to be.

Animal and Plant Health Inspection Service (APHIS)

TITLE: Implementation of User Fees for Licensed and Registered Facilities

OBJECTIVE(S): Review the determination of license fees charged to facilities licensed under the Animal Welfare Act, and determine why registered facilities do not pay fees.

TITLE: Monitoring of Registered Carriers and Intermediate Handlers

OBJECTIVE(S): Evaluate whether APHIS' monitoring of carriers and transporters is adequate, and whether carriers have the necessary qualifications. Determine if health certificates are being obtained, and whether action is taken against carriers who are out of compliance.

Grain Inspection, Packers and Stockyards Administration (GIPSA)

TITLE: Review of GIPSA Organization

OBJECTIVE(S): Determine if the restructuring of GIPSA (formerly the Packers and Stockyards agency and the Federal Grain Inspection Service) resulted in decreased costs of operations without significantly affecting the quality of services performed.

OTHER ORGANIZATIONS

Office of the Chief Financial Officer

TITLE: FY 1996 General Controls Review
FY 1997 General Controls Review

OBJECTIVE(S): Determine if general controls at the National Finance Center provide reasonable assurance that data is processed properly.

Alternative Agricultural Research and Commercialization Center

TITLE: Alternative Agricultural Research and Commercialization Center (AARC)

OBJECTIVE(S): Assess whether AARC followed up on prior audit recommendations by establishing adequate controls to maximize project success, protect its investment, and safeguard against conflicts of interests in the AARC board's decisions.

National Appeals Division

TITLE: National Appeals Division (NAD) Procedures

OBJECTIVE(S): Evaluate the revised procedures for NAD hearings to determine if NAD decisions are consistent among hearing officers and if OIG/USDA agency participation in the NAD hearings is adequate.

MULTIPLE AGENCY AUDITS

TITLE: Implementation of Uruguay Round Provisions

OBJECTIVE(S): Monitor USDA agency implementation of the agricultural provisions of the Uruguay Round of the General Agreement on Tariffs and Trade. Identify potential problem areas for future audit coverage.

TITLE: FY 1996 USDA Financial Statements
FY 1997 USDA Financial Statements

OBJECTIVE(S): Determine if USDA's consolidated financial statements are presented fairly in all material aspects in accordance with prescribed accounting policies, including proper elimination of all interagency transactions and proper conversion of all agencies to accrual accounting. Also determine if the Department's internal control structure is adequate, and if USDA complies with laws and regulations in all material aspects for the items reviewed.

TITLE: FY 1996 Rural Development Financial Statements
FY 1997 Rural Development Financial Statements

OBJECTIVE(S): Determine if Rural Development's consolidated financial statements are prepared fairly in accordance with applicable accounting principles, internal accounting controls are adequate, and Rural Development complies with applicable laws and regulations.

TITLE: Commodity Origin Requirements

OBJECTIVE(S): Determine if commodity origin requirements for the Commodity Credit Corporation, Foreign Agricultural Service, and Agricultural Marketing Service are being followed.

TITLE: Environmental Quality Incentives Program

OBJECTIVE(S): Assess implementation, controls, and targeting of funds in the new Environmental Quality Incentives Program. Determine if recipients meet eligibility requirements, payments are properly made, and expenditures are made for intended purposes.

APPENDIX III

FISCAL YEAR 1997 AUDITS PLANNED

FISCAL YEAR 1997 AUDITS PLANNED

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
AARC *	ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CENTER (AARC)	AT	AT	100
	AUDIT MANAGEMENT AND LIAISON	ALL		37
	SUBTOTAL			137
AMS	PERISHABLE AGRICULTURAL COMMODITIES ACT	AT	AT	25
	COTTON CLASSING	AT	AT	50
	MARKET NEWS PROGRAM	AT	AT	75
	FLUID MILK PROMOTION PROGRAM	CH	CH	100
	MONITORING MILK MARKETING ORDER REFORM	CH	CH	150
*	OVERVIEW OF GRADING AND INSPECTION OPERATIONS	CH	CH	100
	CERTIFICATION OF PROCESSED COMMODITIES	CH	CH	100
	MEAT GRADING AND CERTIFICATION BRANCH	CH	CH	75
	SHIPPING POINT INSPECTION PROGRAM - WASHINGTON	SF	SF	100
	AUDIT MANAGEMENT AND LIAISON	ALL		283
	SUBTOTAL			1058
APHIS	VETERINARY BIOLOGICS PROGRAM	AT	AT	100
	IMPLEMENTATION OF USER FEES FOR LICENSED AND REGISTERED FACILITIES	CH	CH	100
	MONITORING OF REGISTERED CARRIERS AND INTERMEDIATE HANDLERS	CH	CH	100
	ANIMAL CARE PROGRAMS	SF	SF	100
	INTERNATIONAL SERVICES	TE	TE	100
*	EVALUATION OF CENTRAL AMERICA/U.S. SCREWORM ERADICATION PROGRAM	TE	TE	50
*	PRECLEARANCE INSPECTIONS FOR MEXICO	TE	TE	150
	AUDIT MANAGEMENT AND LIAISON	ALL		256
	SUBTOTAL			956
ARS	FEDERAL TECHNOLOGY TRANSFER PROGRAM	AT	AT	100
	RESEARCH LABORATORIES	AT	AT/KC	150
	HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM	TE	TE	50
	AUDIT MANAGEMENT AND LIAISON	ALL		110
	SUBTOTAL			410
CSREES	COMPETITIVE RESEARCH GRANTS AWARD PROCESS - NATIONAL RESEARCH INITIATIVE	AT	AT	200
	FACILITIES CONSTRUCTION FUNDS	AT	AT	50
	AUDIT MANAGEMENT AND LIAISON	ALL		91
	SUBTOTAL			341

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
FAS	INTERNATIONAL TRADE POLICY PROCEDURES	AT	AT	150
	DAIRY EXPORT INCENTIVE PROGRAM	CH	CH	100
	EXPORT CREDIT GUARANTEE PROGRAM PRICING REVIEW	HY	HY	50
	SUPPLIER CREDIT GUARANTEE PROGRAM	HY	HY	50
	MARKET ASSESS PROGRAM (MAP) & THE COOPERATORS MARKET DEVELOPMENT PROGRAMS (CMDP)	HY	HY	100
	FOLLOWUP ON SUGAR REEXPORT PROGRAM	HY	HY	150
	INTERNAL CONTROLS OVER FOREIGN AGRICULTURAL OFFICES	HY	HY	100
*	EVALUATION OF FOOD FOR PROGRESS PROGRAMS FOR THE NEWLY INDEPENDENT STATES - 1995	TE	TE	200
	SURVEY OF PUBLIC LAW 480, TITLE 1	TE	TE	100
*	EVALUATION OF PVO USE OF ADMINISTRATIVE FUNDS	TE	TE	100
*	EVALUATION OF JOINT COMMISSIONS	TE	TE	125
	AUDIT MANAGEMENT AND LIAISON	ALL		447
	SUBTOTAL			1672
FCS	ADMINISTRATIVE APPEALS	AT	AT	50
	CONTRACTING OUT FOOD STAMP PROGRAM FUNCTIONS	AT	AT	75
*	AUDITS OF CHILD AND ADULT CARE FOOD PROGRAMS - TENNESSEE	AT	AT	25
*	DEFINING HOUSEHOLD COMPOSITION	AT	AT	100
	EMPLOYMENT AND TRAINING ACT	AT	AT	50
	FOOD STAMP ADMINISTRATIVE COST	AT	AT	50
	WIC FOOD DELIVERY SYSTEMS - VENDOR COMPLIANCE	CH	CH	25
	REDEMPTION CERTIFICATE PROCESSING FOLLOWUP BY FINANCIAL INSTITUTIONS	CH	CH	100
	EFFECTIVENESS OF FCS COMPLIANCE BRANCH INVESTIGATIONS	CH	CH	100
*	NSLP - INCOME VERIFICATIONS FOR PARTICIPATING HOUSEHOLDS	CH	CH/AT HY KC SF TE	300
	FOOD STAMP ADMINISTRATIVE COSTS - MWR	CH	CH	150
	LOCAL AGENCY CASH ADVANCES - OHIO	CH	CH	100
	SUMMER FOOD SERVICE PROGRAM - SPONSOR OPERATIONS	CH	CH	200
	CONTROLS OVER USDA-DONATED COMMODITIES IN THE NSLP/SBP	CH	CH	250
	REGIONWIDE IVES SWEEP	CH	CH	200
*	USE OF A-128 AUDIT RESULTS BY FCS	CH	CH	100
	ACCOUNTABILITY FOR USDA COMMODITIES BY MULTI- STATE FOOD PROCESSORS	CH	CH	200
	ESTABLISHMENT AND COLLECTION OF FOOD STAMP CLAIMS	CH	CH	100
	NATIONAL SCHOOL LUNCH PROGRAM CONTROL OPERATIONS - WASHINGTON, D.C. SFA	HY	HY	250
	FOOD STAMP PROGRAM - ADMINISTRATIVE COST - NEW YORK	HY	HY	250
	NYC FSP ACCEPTANCE AND REDEMPTION AT NONTRADITIONAL ENTITIES	HY	HY	100
	SURVEY OF VIRGIN ISLAND FSP OPERATIONS	HY	HY	150
	SURVEY OF P.R. NAP-FRAUD DETECTION AND PREVENTION PROCEDURES	HY	HY	50
	IMPLEMENTATION OF THE ACCOUNT MANAGEMENT AGENT SYSTEM	HY	HY	100

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
FCS	ADMINISTRATION AND MANAGEMENT OF THE VIRGINIA WIC PROGRAM	HY	HY	200
	DPW BUREAU OF HEARINGS AND APPEALS - PENNSYLVANIA	HY	HY	100
	STRATEGIC MONITORING OF EBT SYSTEM DEVELOPMENT	HY	HY/AT CH FM KC SF TE	1300
	FY 1996 FCS FINANCIAL STATEMENTS	HY	HY/AT CH KC SF TE	1685
	FY 1997 FCS FINANCIAL STATEMENTS	HY	HY/AT CH KC SF TE	1185
	AUTOMATED STANDARD APPLICATION FOR PAYMENTS (ASAP)	HY	HY	100
	FCS' CONTRACT SUPPORT COSTS FOR ADP MANAGEMENT REPORTING SYSTEMS	HY	HY	150
	FOLLOWUP ON NEW YORK CITY'S CERTIFICATION OF FOOD STAMP RECIPIENTS	HY	HY	240
	REVIEW OF REDEMPTION ACCOUNTABILITY PROGRAM	HY	HY	100
	REQUEST AUDIT NEW JERSEY - NSLP	HY	HY	200
	NUTRITION EDUCATION COSTS CHARGED TO THE WIC PROGRAM-PUERTO RICO	HY	HY	50
	FOOD STAMP PROGRAM - CROSS STATE MATCH	KC	KC	300
	MONTANA DEPARTMENT OF HHS - INTERNAL CONTROLS	KC	KC	100
	FOOD STAMP COMPUTER MATCHING OF FEDERAL EMPLOYEES	KC	KC	225
	CHILD CARE FOOD PROGRAM - SPONSOR ABUSES	SF	SF/AT CH HY KC TE	1600
	FOOD STAMP PROGRAM ADMINISTRATIVE COST - CALIFORNIA	SF	SF	300
	WIC ADMINISTRATIVE COSTS - CALIFORNIA	SF	SF	175
	CHILD AND ADULT CARE FOOD PROGRAM	TE	TE	200
	FARM OPERATING LOAN BORROWERS ON FOOD STAMPS	TE	TE	50
	SUMMER FOOD SERVICE PROGRAM FOR CHILDREN	TE	TE	100
	COMMUNITY FOOD PROGRAM GRANTS	TE	TE	50
	DUPLICATE FSP PARTICIPATION IN LOUISIANA	TE	TE	150
*	ROLLING STORES IN LOUISIANA	TE	TE	100
	VENDOR DISQUALIFICATION AUDIT FOLLOWUP	TE	TE	100
	AUDIT MANAGEMENT AND LIAISON	ALL		4323
	SUBTOTAL			16158
FS	TIMBER SALE ANALYSIS REQUIREMENTS	AT	AT/SF	250
	ENVIRONMENTAL APPEALS PROCESS	AT	AT	75
	WILDLIFE AND FISHERIES HABITAT MANAGEMENT	AT	AT	75
	FY 1996 FS FINANCIAL STATEMENTS	AT	AT/FM HY SF	425
	FY 1997 FS FINANCIAL STATEMENTS	AT	AT/CH FM HY KC SF TE	1350
	MONITORING FINANCIAL SYSTEMS AND PROCEDURES ENHANCEMENTS	AT	AT/FM SF	1300
	GORDZILLA SYSTEM	AT	AT	40
	TIMBER MEASUREMENT	AT	AT	100
	INFRASTRUCTURE MAINTENANCE ON NATIONAL FOREST LANDS	CH	CH	100
	LEASING OF STRUCTURES FOR THE NATIONAL FOREST SYSTEM	CH	CH	100
	FOREST SERVICE RECREATION MANAGEMENT	CH	CH	100
	FEDERAL EXCESS PERSONAL PROPERTY	SF	SF	200
	SOUTHEAST ALASKA ECONOMIC DISASTER FUND - STATE AND PRIVATE FORESTRY	SF	SF	150
	WORKING CAPITAL FUND-COMPUTER SERVICES	SF	SF	200
	FOREST SERVICE LAW ENFORCEMENT	SF	SF	100
	SALVAGE SALE FUND ACCOUNTABILITY	SF	SF	100

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
FS	REVENUE ENHANCEMENT OPPORTUNITIES	SF	SF	75
	FINANCIAL DISCLOSURE AND OUTSIDE EMPLOYMENT ACTIVITIES	SF	SF	100
*	PROPRIETY OF USE OF APPROPRIATED FUNDS BY NON-PROFIT ORGANIZATIONS	TE	TE	100
	AUDIT MANAGEMENT AND LIAISON	ALL		1804
	SUBTOTAL			6744
FSA	PEANUT PRICE SUPPORT PROGRAM	AT	AT	100
	ASSESSMENTS ON IMPORTED TOBACCO	AT	AT	25
	ESTABLISHING PRICE AND YIELD DATA FOR NONPROGRAM CROP DISASTER PAYMENTS	AT	AT	100
	FY 1996 CCC FINANCIAL STATEMENTS	FM	FM/HY	750
	FY 1997 CCC FINANCIAL STATEMENTS	FM	FM/CH HY KC SF TE	950
*	EVALUATION OF SECURITY AND REPAYMENT OF COMMODITY LOANS	CH	CH	100
	MONITORING OF CORE ACCOUNTING SYSTEM INITIATIVE	FM	FM	50
	SURVEY OF CONSERVATION RESERVE BENEFITS - ACREAGE REPLACEMENT	HY	HY	150
	PENNSYLVANIA FSA ADMINISTRATION OF THE 1995 LIVESTOCK FEED PROGRAM	HY	HY	100
	SURVEY OF FSA COUNTY OFFICE OPERATIONS - SMALL COUNTY OFFICES	HY	HY	200
	SERVICING DELINQUENT FARMER PROGRAM LOANS	KC	KC	75
	PAYMENTS TO USDA EMPLOYEES	KC	KC	125
	KANSAS CITY COMMODITY OFFICE INVENTORY SYSTEMS	KC	KC	225
	BEGINNING FARMER LOAN PROGRAM	KC	KC	150
	GUARANTEED FARMER PROGRAM LOANS UNDER THE 1996 FAIR ACT	KC	KC	150
	FLOOD RISK REDUCTION PROGRAM	KC	KC	50
	ACQUIRED FARM PROPERTY	KC	KC	50
	COOPERATIVE MARKETING ASSOCIATIONS	KC	KC	50
	CONSERVATION RESERVE PROGRAM CONTRACT TERMINATION	KC	KC	50
	ACREAGE ENROLLMENTS FOR CONSERVATION RESERVE PROGRAM	KC	KC	75
	AMTA PAYMENT RECONCILIATION PHASE II	KC	KC/TE	200
	PRODUCTION FLEXIBILITY CONTRACT PAYMENTS	KC	KC/FM TE	125
	DEBT COLLECTION BY ADMINISTRATIVE OFFSET	TE	TE	50
	REORGANIZATIONS FOR PAYMENT LIMITATION	TE	TE/AT KC SF	1100
*	STANDARDS FOR CERTIFIED LENDER PROGRAM	TE	TE	100
	PRODUCTION FLEXIBILITY CONTRACT ENROLLMENT/ APPROVAL - PHASE I	TE	TE	75
	PRODUCTION FLEXIBILITY CONTRACTS COMPLIANCE - PHASE III	TE	TE/AT CH HY KC SF	1050
	1996 FAIR ACT PROVISIONS AFFECTING FARMER PROGRAM DIRECT LOANS	TE	TE	100
	1996 FAIR ACT PROVISIONS AFFECTING FARMER PROGRAM LOAN SERVICING	TE	TE	100

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
FSA	CONTROLS OVER FARMER PROGRAM LOAN LIMITS	TE	TE	50
*	DELINQUENT FARMER PROGRAM LOAN RESOLUTIONS	TE	TE	100
*	AGRICULTURAL MEDIATION PROGRAMS	TE	TE	50
	WOOL AND MOHAIR PAYMENT LIMITATION	TE	TE	50
	SECURITY FOR RESTRUCTURED FARMER PROGRAM LOAN ACCOUNTS	TE	TE	50
	CROP YEAR 1995 NAP PAYMENTS	TE	TE/SF	150
	EMERGENCY DISASTER LOAN ELIGIBILITY	TE	TE/AT CH KC SF	550
	AUDIT MANAGEMENT AND LIAISON	ALL		2712
	SUBTOTAL			10137
FSIS	EGG PRODUCTS INSPECTION PROGRAM IMPLEMENTATION	AT	AT	50
	REVIEW OF COMPLIANCE PROGRAM	AT	AT	75
	IMPLEMENTATION OF THE NEW HACCP REGULATIONS	AT	AT	100
	FSIS FEDERAL/STATE COOPERATIVE AGREEMENTS	CH	CH	100
	IMPORTED MEAT INSPECTION PROCESS	HY	HY	150
	CONTROLS OVER DISEASED ANIMALS AND FEEDS	TE	TE	50
	AUDIT MANAGEMENT AND LIAISON	ALL		192
	SUBTOTAL			717
GIPSA	GRAIN INSPECTION PACKERS AND STOCKYARDS - SURVEILLANCE PROGRAM	CH	CH	50
	REVIEW OF GIPSA ORGANIZATION	TE	TE	50
	AUDIT MANAGEMENT AND LIAISON	ALL		37
	SUBTOTAL			137
MULTI	ADJUSTED WORLD PRICES FOR RICE	AT	AT	50
	RADIOACTIVE MATERIAL AND WASTE MANAGEMENT	AT	AT	225
*	UNLIQUIDATED OBLIGATIONS FOR COMMUNITY DEVELOPMENT LOANS AND GRANTS	AT	AT	125
	AMERICORPS PROGRAM	AT	AT	100
	HAZARDOUS WASTE CLEANUP ACTIVITIES	AT	AT	100
	IMPLEMENTATION OF URUGUAY ROUND PROVISIONS	AT	AT	75
	EVERGLADES ECOSYSTEM RESTORATION	AT	AT	25
	EBT RETAILER/CLIENT INTEGRITY PROJECTS IN SOUTH CAROLINA	AT	AT	100
	USE OF COLLECTION AGENCIES TO COLLECT DELINQUENT DEBT	AT	AT	50
	COORDINATION OF AGRICULTURAL CHEMICAL ISSUES	AT	AT	125
	SAFEGUARDS OVER ENVIRONMENTAL LIABILITY	AT	AT	50
	ANIMAL PRODUCTION FOOD SAFETY	CH	CH	100
*	EVALUATION OF MANAGEMENT AND CONTROL OF SOFTWARE	FM	FM	50
	SECURITY AND CONTROL OF SENSITIVE SYSTEMS	FM	FM	125
	MONITORING OF MODERNIZATION OF ADMINISTRATION PROCESS (MAP)	FM	FM	150
	USDA ENTERPRISE NETWORK AND FIELD SERVICE CENTER IMPLEMENTATION (INFOSHARE)	FM	FM/HQ	400
	MONITORING OF DLOS/ESCROW ACCOUNTING SYSTEM	FM	FM	200
	FY 1996 USDA FINANCIAL STATEMENTS	FM	FM	500
	FY 1997 USDA FINANCIAL STATEMENTS	FM	FM	200
	FY 1997 USDA WORKING CAPITAL FUND FINANCIAL STATEMENTS	FM	FM	50

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
MULTI	VERIFICATION OF DATA INPUT INTO NFC PAYROLL PERSONNEL SYSTEM	FM	FM/AT CH HY SF TE	475
	FY 1996 RURAL DEVELOPMENT FINANCIAL STATEMENTS	FM	FM/KC	1390
	FY 1997 RURAL DEVELOPMENT FINANCIAL STATEMENTS	FM	FM/AT CH HY KC SF TE	800
	MONITORING THE FINANCIAL INFORMATION SYSTEM VISION AND STRATEGY (FISVIS)	FM	FM	100
	IMPLEMENTATION OF GOVERNMENT PERFORMANCE AND RESULTS ACT OF 1993	FM	FM	50
	USDA SUPPORT SERVICES CONTRACT	FM	FM	50
	USDA PERSONAL SERVICES CONTRACTING	FM	FM	50
	PCIE REVIEW OF GSA PURCHASE CARD SYSTEM	FM	FM/AT CH HY KC SF TE	500
	COMMODITY ORIGIN REQUIREMENTS	HY	HY	200
	VENDOR SELECTION PROCESS FOR COMMODITIES	KC	KC	150
	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	KC	KC/AT CH HY SF TE	370
	FY 1995 CROP INSURANCE AND NAP ALMOND PAYMENTS IN CALIFORNIA	SF	SF	150
	FOLLOWUP AUDIT OF OCEANIC INSTITUTE	SF	SF	100
	EFFECT OF SINGLE-PERIL PRIVATE INSURANCE ON NAP/MPCI REINSURED INDEMNITIES	SF	SF	50
	KARNAL BUNT WHEAT EMERGENCY	TE	TE	50
	CPA OVERSIGHT	HY	HY	50
	ADP ASSIST	FM	FM	150
	LAN AND CAPTAIN MAINTENANCE	ALL	(EXCEPT AT)	825
	AUDIT OF CONTRACTS	ALL	(EXCEPT SWR MWR FMS)	240
	SPECIAL REQUEST AUDITS	ALL		2060
	AUDIT FOLLOWUP	ALL		700
	SINGLE AUDIT MANAGEMENT	ALL	(EXCEPT FM)	860
	AUDIT MANAGEMENT AND LIAISON	ALL		4444
	SUBTOTAL			16614
NAD	NAD DECISIONS	AT	AT	25
	NATIONAL APPEALS DIVISION PROCEDURES	FM	FM	200
	AUDIT MANAGEMENT AND LIAISON	ALL		82
	SUBTOTAL			307
NASS	SECURITY OF NASS STATISTICAL FORECASTING DATA	FM	FM	100
	AUDIT MANAGEMENT AND LIAISON	ALL		37
	SUBTOTAL			137
NRCS	WETLAND RESERVE PROGRAM - ELIGIBILITY DETERMINATIONS	CH	CH/HY	200
	FARMLAND PROTECTION PROGRAM	CH	CH	100
	EMERGENCY WATERSHED PROTECTION PROGRAM	KC	KC	50
	CONSERVATION FARM OPTION PROGRAM	KC	KC	100
	CONSERVATION OF PRIVATE GRAZING LANDS	KC	KC	75
*	COLLABORATIVE EFFORTS WITH NRCS	KC	KC	50
	WETLANDS CONSERVATION	KC	KC	150
	CONSERVATION PLAN VARIANCES	KC	KC	75
	FORESTRY INCENTIVES PROGRAM PAYMENT LIMITATION AND ELIGIBILITY	TE	TE	100
	AUDIT MANAGEMENT AND LIAISON	ALL		329
	SUBTOTAL			1229

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
OCFO	NFC'S CICS/DB2 SECURITY	FM	FM	100
	SYSTEM REVIEW OF NFC PAYROLL OPERATIONS	FM	FM	100
	OCFO/NFC USE OF FEDLINE II FOR ELECTRONIC FUNDS TRANSFER	FM	FM	25
	FY 1996 GENERAL CONTROLS REVIEW	FM	FM	50
	FY 1997 GENERAL CONTROLS REVIEW	FM	FM	200
	ANALYTICAL REVIEW OF TSP EXTRACT DATA	FM	FM	10
	WORKING CAPITAL FUND AUDIT PHASE II	FM	FM	75
	AUDIT MANAGEMENT AND LIAISON	ALL		205
	SUBTOTAL			765
OO	FY 1997 NCC GENERAL CONTROL REVIEW	FM	FM	25
	FOLLOWUP ON CORRECTIVE ACTIONS FOR THE FY 1995 NITC GENERAL CONTROL REVIEW	FM	FM	25
	AUDIT MANAGEMENT AND LIAISON	ALL		18
	SUBTOTAL			68
RBS	RURAL COMMUNITY ADVANCEMENT PROGRAM	CH	CH	100
	FUND FOR RURAL AMERICA	CH	CH	100
	DIRECT LOANS TO BUSINESS AND INDUSTRY	KC	KC	100
	NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER	KC	KC	100
	BUSINESS AND INDUSTRIAL LOAN LIQUIDATIONS	SF	SF	100
	INTERMEDIARY RELENDING PROGRAM	TE	TE	25
	* EMPOWERMENT ZONES - ENTERPRISE COMMUNITIES	TE	TE	100
	AUDIT MANAGEMENT AND LIAISON	ALL		228
	SUBTOTAL			853
RHS	GUARANTEED RURAL HOUSING LOANS	AT	AT/CH HY SF TE	400
	CHANGES IN 1944 REGULATIONS GOVERNING RURAL HOUSING	AT	AT	50
	EFFECTIVENESS OF CPA AUDITS OF RURAL RENTAL HOUSING PROJECTS	CH	CH	150
	MANAGEMENT OF RURAL RENTAL HOUSING PROJECTS	CH	CH	85
	RRH CONSTRUCTION ACTIVITIES	CH	CH	100
	RRH REHABILITATION LOANS	CH	CH/AT HY KC SF TE	1050
	COMMUNITY FACILITY LOAN APPROVALS	CH	CH	100
	BUSINESS AND INDUSTRY LOANS - FINANCIAL STATEMENT ANALYSIS	CH	CH/AT HY KC SF TE	700
	* EVALUATION OF RRH TENANT INCOME VERIFICATION PROCESS	CH	CH/AT HY KC SF TE	900
	SERVICING AND ACCOUNTABILITY OF SOLD RURAL HOUSING LOANS	FM	FM	135
	SURVEY OF COMMUNITY FACILITY, WATER, AND WASTE GUARANTEED LOANS - PUERTO RICO	HY	HY	150
	REVIEW OF RURAL HOUSING SERVICE SFH (502) PROGRAM	HY	HY	200
	ADMINISTRATION OF RH INTEREST CREDIT SUBSIDY - PUERTO RICO	HY	HY	150
	FINANCIAL STATEMENT AUDIT - SELECTED RRH PROJECTS	SF	SF	50
	FARM LABOR HOUSING AND RENTAL ASSISTANCE	SF	SF	150
	PARTICIPATION OF RHS BORROWERS RECEIVING DEBT FORGIVENESS IN SFH PROGRAM	TE	TE	50
	SINGLE FAMILY HOUSING SUBSIDY RECAPTURE	TE	TE	30

AGENCY	TITLE	REPORTING REGION	LEAD/ASSIST REGIONS	STAFF DAYS
RHS	COMPARATIVE MANAGEMENT OF RRH PROJECTS	TE	TE/KC SF	425
	MANAGEMENT AND COLLECTION OF NONPROGRAM LOANS	TE	TE	50
	HOUSING FOR THE HOMELESS PROGRAM	TE	TE	50
	REPORTING GRANTS TO IRS AS TAXABLE INCOME	TE	TE	50
	AUDIT MANAGEMENT AND LIAISON	ALL		1836
	SUBTOTAL			6861
RMA	CROP INSURANCE FOR NURSERIES	AT	AT	75
	COMPLIANCE ACTIVITIES OVER PRIVATE INSURANCE COMPANIES	CH	CH	100
	FY 1996 FCIC FINANCIAL STATEMENTS	FM	FM/HQ	80
	FY 1997 FCIC FINANCIAL STATEMENTS	FM	FM/HQ	20
*	EVALUATION OF CROP INSURANCE PILOT PROGRAMS	KC	KC	200
	RISK ASSUMPTIONS OF REINSURED COMPANIES	KC	KC	100
	FSA CAT DATABASE AND TRANSFERRED POLICIES	KC	KC	70
	STANDARD REINSURANCE AGREEMENT REPORTING REQUIREMENTS	KC	KC/CH TE	250
	REGIONAL SERVICE OFFICE OPERATIONS	KC	KC/AT SF TE	225
	FEDERAL CROP INSURANCE CORPORATION AUTHORITIES	KC	KC	75
	QUALITY CONTROL FOR CROP INSURANCE DETERMINATIONS	KC	KC	100
	SPECIALTY CROP INSURANCE PAYMENTS AND PROVISIONS	SF	SF	100
	CONFLICT OF INTEREST BETWEEN AGENT AND LOSS SUPERVISORS	TE	TE	100
	CROP INSURANCE CLAIMS	TE	TE/AT CH HY KC SF	825
	ABUSE OF THE CROP INSURANCE PROGRAM IN SOUTH TEXAS	TE	TE	50
	AUDIT MANAGEMENT AND LIAISON	ALL		866
	SUBTOTAL			3236
RUS	FY 1996 RUS/RTB FINANCIAL STATEMENTS	FM	FM	400
	FY 1997 RUS/RTB FINANCIAL STATEMENTS	FM	FM	200
	QUALITY OF AUDITS PERFORMED ON RUS ELECTRIC AND TELEPHONE FUNDS	FM	FM	100
	ELECTRIC GENERATION AND TRANSMISSION GUARANTEED LOANS	KC	KC	125
	WATER DISPOSAL SYSTEMS GRANTS IN ALASKA	SF	SF	100
	AUDIT MANAGEMENT AND LIAISON	ALL		338
	SUBTOTAL			1263
GRAND TOTAL STAFF DAYS				69800

* An evaluation is a review, study, or analysis of USDA's programs or activities for the purpose of providing information to managers for decision making, for making recommendations for improvements to programs, policies, or procedures, and for administrative action.

